

**Terra College Foundation**

**Regular Audit**

**July 1, 2007 through June 30, 2008**

**Fiscal Year Audited Under GAGAS: 2008**

**BALESTRA, HARR & SCHERER, CPAs, INC.**

**528 South West Street, P.O. Box 687  
Piketon, Ohio 45661**

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Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Terra College Foundation, Sandusky County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. 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

December 2, 2008

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**Terra College Foundation**  
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*For the Fiscal Year Ended June 30, 2008*

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Member American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT**

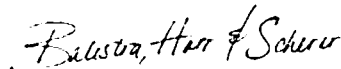
Board of Trustees  
Terra College Foundation  
2830 Napoleon Road  
Fremont, OH 43420

We have audited the accompanying statement of financial position of Terra College Foundation (the Foundation), a component unit of Terra Community College, as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the financial statements based on our audit. The Statement of Financial Position of the Foundation as of June 30, 2007, and the related Statement of Activities and Cash Flows for the year then ended were audited by other auditors whose report dated October 15, 2007 expressed an unqualified opinion on those statements.

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 the Comptroller General of the United States' *Government 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 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 the Foundation as of June 30, 2008, and the changes in 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 September 26, 2008 on our consideration of the Foundation's internal control over financial reporting and 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 report 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 the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.  
September 26, 2008

**Terra College Foundation**  
**Statements of Financial Position**  
**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash & cash equivalents	\$ 368,519	\$ 327,621
Contributions Receivable	565,722	90,666
Other receivables	82,327	63,348
Investments	<u>1,260,962</u>	<u>909,666</u>
<b>Total assets</b>	<b>2,277,530</b>	<b>1,391,301</b>
 <b>Liabilities</b>		
Accounts payable	<u>9,675</u>	<u>34,236</u>
<b>Total liabilities</b>	<u><b>9,675</b></u>	<u><b>34,236</b></u>
 <b>Net assets</b>		
Unrestricted	117,860	3,734
Temporarily restricted	506,431	442,245
Permanently restricted	<u>1,643,564</u>	<u>911,086</u>
<b>Total net assets</b>	<u><b>\$ 2,267,855</b></u>	<u><b>\$ 1,357,065</b></u>

See accompanying notes to the financial statements.



**Terra College Foundation  
Statement of Activities  
For the Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains and other support</b>				
Contributions	\$ 114,789	\$ 360,224	\$ 732,478	\$ 1,207,491
Contributed services and supplies	110,746	-	-	110,746
Investment return	15,511	(72,022)	-	(56,511)
Net assets released from restrictions	<u>224,016</u>	<u>(224,016)</u>	<u>-</u>	<u>-</u>
<b>Total revenues, gains and other support</b>	<b>465,062</b>	<b>64,186</b>	<b>732,478</b>	<b>1,261,726</b>
<b>Expenses</b>				
Program services				
Scholarships and loans	86,497	-	-	86,497
Other	3,674	-	-	3,674
Supporting Services				
Management and general	59,709	-	-	59,709
Fund raising	<u>201,056</u>	<u>-</u>	<u>-</u>	<u>201,056</u>
<b>Total expenses</b>	<b><u>350,936</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>350,936</u></b>
<b>Change in net assets</b>	<b>114,126</b>	<b>64,186</b>	<b>732,478</b>	<b>910,790</b>
<b>Net assets</b>				
Net assets- beginning of year	<u>3,734</u>	<u>442,245</u>	<u>911,086</u>	<u>1,357,065</u>
<b>Net assets- end of year</b>	<b><u>\$ 117,860</u></b>	<b><u>\$ 506,431</u></b>	<b><u>\$ 1,643,564</u></b>	<b><u>\$ 2,267,855</u></b>

See accompanying notes to the financial statements.

**Terra College Foundation  
Statement of Activities  
For the Year Ended June 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains and other support</b>				
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>
<b>Total revenues, gains and other support</b>	<b>381,477</b>	<b>15,295</b>	<b>46,432</b>	<b>443,204</b>
<b>Expenses</b>				
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>-</u>	<u>-</u>	<u>199,285</u>
<b>Total expenses</b>	<b><u>379,135</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>379,135</u></b>
<b>Change in net assets</b>	<b>2,342</b>	<b>15,295</b>	<b>46,432</b>	<b>64,069</b>
<b>Net assets</b>				
Net assets- beginning of year	<u>1,392</u>	<u>426,950</u>	<u>864,654</u>	<u>1,292,996</u>
<b>Net assets- end of year</b>	<b><u>\$ 3,734</u></b>	<b><u>\$ 442,245</u></b>	<b><u>\$ 911,086</u></b>	<b><u>\$ 1,357,065</u></b>

See accompanying notes to the financial statements.

**Terra College Foundation  
Statement of Cash Flows  
For The Years Ended June 30, 2008 and 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 910,790	\$ 64,069
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain)/loss on investments	89,954	(79,370)
Contributions restricted for long-term purposes	(732,478)	(46,432)
Increase in Accounts receivable	(18,979)	(1,217)
(Increase)/Decrease in contributions receivable	(475,056)	12,006
Increase/(Decrease) in Accounts payable	(24,561)	24,939
Net Cash From Operating Activities	(250,330)	(26,005)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of long-term investments	48,742	1,396,805
Purchase of long-term investments	(489,992)	(1,436,268)
Net Cash From Investing Activities	(441,250)	(39,463)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from contributions restricted for long-term purposes	732,478	46,432
Net Cash From Financing Activities	732,478	46,432
Net Increase (Decrease) in Cash and Cash Equivalents	40,898	(19,036)
Cash and Cash Equivalents, Beginning of the Year	327,621	346,657
Cash and Cash Equivalents, End of Year	\$ 368,519	\$ 327,621

See the accompanying notes to the financial statements.

**TERRA COLLEGE FOUNDATION**  
**Notes to the Financial Statements**  
**June 30, 2008 and 2007**

**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 \$110,746 and \$84,910 for the years ended June 30, 2008 and 2007 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.

**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 to the current year presentation.

**TERRA COLLEGE FOUNDATION**  
**Notes to the Financial Statements**  
**June 30, 2008 and 2007**

**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, 2008 and 2007, 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 is 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, 2008 and 2007 is summarized as follows:

	<u>2008</u>	<u>2007</u>
Money Market Funds	\$ 513,968	\$ 64,673
Debt Securities	137,869	130,133
Equity Securities	<u>609,125</u>	<u>714,860</u>
Total	<u>\$1,260,962</u>	<u>\$ 909,666</u>

Investment return for the years ended June 30, 2008 and 2007 is comprised of the following:

	<u>2008</u>	<u>2007</u>
Dividends and Interest	\$ 33,443	\$ 53,271
Net Realized and Unrealized Gains/Losses	<u>( 89,954)</u>	<u>79,370</u>
Total	<u>(\$ 56,511)</u>	<u>\$ 132,641</u>

**TERRA COLLEGE FOUNDATION**  
**Notes to the Financial Statements**  
**June 30, 2008 and 2007**

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2008 and 2007 are promises to give from various donors that are unconditional and are summarized as follows:

	2008	2007
Unconditional promises expected to be collected in:		
Less than one year	\$ 148,048	\$ 29,510
One year to five years	392,354	68,005
Over five years	85,771	4,000
	626,173	101,515
Less:		
Unamortized discount and allowance for doubtful pledges	60,451	10,849
	\$ 565,722	\$ 90,666

**NOTE 5 - SUPPORT TO TERRA COMMUNITY COLLEGE**

During the years ended June 30, 2008 and 2007, the Foundation made contributions of approximately \$90,000 and \$137,000 to or on behalf of the College for both restricted and unrestricted purposes.

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## **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  
2830 Napoleon Road  
Fremont, OH 43420

We have audited the financial statements of Terra College Foundation (the Foundation), a component unit of Terra Community College, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 26, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood the Foundation's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Foundation's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Terra College Foundation

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*

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### Compliance and Other Matters

As part of reasonably assuring whether the Foundation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board of Trustees and the Foundation's management. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

September 26, 2008





**Mary Taylor, CPA**  
Auditor of State

**TERRA COMMUNITY 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 16, 2008**