

***CUYAHOGA COMMUNITY  
COLLEGE FOUNDATION***

*Financial Statements  
for Each of the Years Ended  
June 30, 1999 through 2001  
and Independent Auditors' Report*





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Directors  
Cuyahoga Community College Foundation

We have reviewed the Independent Auditor's Report of the Cuyahoga Community College Foundation, Cuyahoga County, prepared by Deloitte & Touche LLP, for the audit period July 1, 2000 to June 30, 2001. 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.

**JIM PETRO**  
Auditor of State

October 25, 2001

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# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cuyahoga Community College Foundation:

We have audited the accompanying statements of financial position of Cuyahoga Community College Foundation (the "Foundation") as of June 30, 2001 and 2000, and the related statements of activities and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Foundation as of and for the year ended June 30, 1999 were audited by other auditors whose report, dated December 3, 1999, expressed an unqualified opinion on those statements.

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 the Foundation as of June 30, 2001 and 2000, 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 September 18, 2001, 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 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 audit.

A handwritten signature in black ink that reads "Deloitte &amp; Touche LLP". The signature is written in a cursive, flowing style.

September 18, 2001

# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2001, 2000 AND 1999

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<b>ASSETS</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Cash and cash equivalents	\$ 1,224,229	\$ 214,339	\$ 1,118,741
Investments (Note 2)	6,797,352	6,408,350	4,680,316
Receivables:			
Pledges - net (Note 3)	5,855,623	2,282,107	63,623
Due from related party (Note 4)	<u>42,641</u>	<u>44,550</u>	<u>60,842</u>
<b>TOTAL</b>	<b><u>\$13,919,845</u></b>	<b><u>\$8,949,346</u></b>	<b><u>\$5,923,522</u></b>
 <b>LIABILITIES AND NET ASSETS</b>			
LIABILITIES - Due to related party (Note 4)	<u>\$ 12,291</u>	<u>\$ 297,521</u>	<u>\$ 44,037</u>
NET ASSETS (Note 5):			
Unrestricted	145,968	128,368	21,577
Temporarily restricted	12,353,638	7,090,797	4,412,865
Permanently restricted	<u>1,407,948</u>	<u>1,432,660</u>	<u>1,445,043</u>
Total net assets	<u>13,907,554</u>	<u>8,651,825</u>	<u>5,879,485</u>
<b>TOTAL</b>	<b><u>\$13,919,845</u></b>	<b><u>\$8,949,346</u></b>	<b><u>\$5,923,522</u></b>

See the accompanying notes to financial statements.



# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2001

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, INVESTMENT INCOME AND OTHER SUPPORT:				
Contributions and grants (Note 4)	\$ 187,487	\$ 6,748,705	\$ 8,394	\$ 6,944,586
Special events revenue		220,043		220,043
Interest and dividend income	21,681	212,647		234,328
Net decrease in fair value of investments	(1,746)	(141,775)	(33,106)	(176,627)
Net assets released from restriction (Note 5)	<u>1,776,779</u>	<u>(1,776,779)</u>		
Total revenues, gains and other support	<u>1,984,201</u>	<u>5,262,841</u>	<u>(24,712)</u>	<u>7,222,330</u>
EXPENSES:				
Program services:				
Scholarships	175,572			175,572
Educational development	<u>1,475,780</u>			<u>1,475,780</u>
Total program services	1,651,352			1,651,352
Special events	85,639			85,639
Administration and general	184,610			184,610
Fundraising	<u>45,000</u>			<u>45,000</u>
Total expenses	<u>1,966,601</u>			<u>1,966,601</u>
CHANGE IN NET ASSETS	17,600	5,262,841	(24,712)	5,255,729
NET ASSETS, BEGINNING OF YEAR	<u>128,368</u>	<u>7,090,797</u>	<u>1,432,660</u>	<u>8,651,825</u>
NET ASSETS, END OF YEAR	<u>\$ 145,968</u>	<u>\$ 12,353,638</u>	<u>\$ 1,407,948</u>	<u>\$ 13,907,554</u>

See the accompanying notes to financial statements.

# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, INVESTMENT INCOME AND OTHER SUPPORT:				
Contributions and grants (Note 4)	\$ 135,734	\$ 3,443,696	\$ 2,672	\$3,582,102
Special events revenue		216,679		216,679
Interest and dividend income	13,572	183,630		197,202
Net decrease in fair value of investments	(1,335)	(56,856)	(15,055)	(73,246)
Net assets released from restriction (Note 5)	<u>1,109,217</u>	<u>(1,109,217)</u>		
Total revenues, gains and other support	<u>1,257,188</u>	<u>2,677,932</u>	<u>(12,383)</u>	<u>3,922,737</u>
EXPENSES:				
Program services:				
Scholarships	361,049			361,049
Educational development	<u>621,850</u>			<u>621,850</u>
Total program services	982,899			982,899
Special events	32,089			32,089
Administration and general	121,409			121,409
Fundraising	<u>14,000</u>			<u>14,000</u>
Total expenses	<u>1,150,397</u>			<u>1,150,397</u>
CHANGE IN NET ASSETS	106,791	2,677,932	(12,383)	2,772,340
NET ASSETS, BEGINNING OF YEAR	<u>21,577</u>	<u>4,412,865</u>	<u>1,445,043</u>	<u>5,879,485</u>
NET ASSETS, END OF YEAR	<u>\$ 128,368</u>	<u>\$ 7,090,797</u>	<u>\$ 1,432,660</u>	<u>\$ 8,651,825</u>

See the accompanying notes to financial statements.

# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, INVESTMENT INCOME AND OTHER SUPPORT:				
Contributions and grants (Note 4)	\$ 38,911	\$ 999,740	\$ 52,028	\$1,090,679
Special events revenue		228,174		228,174
Interest and dividend income	501	146,527		147,028
Net increase in fair value of investments		295,555	95,425	390,980
Net assets released from restriction (Note 5)	<u>1,029,129</u>	<u>(1,029,129)</u>		
Total revenues, gains and other support	<u>1,068,541</u>	<u>640,867</u>	<u>147,453</u>	<u>1,856,861</u>
EXPENSES:				
Program services:				
Scholarships	212,197			212,197
Educational development	<u>720,754</u>			<u>720,754</u>
Total program services	932,951			932,951
Special events	62,185			62,185
Administration and general	<u>67,409</u>			<u>67,409</u>
Total expenses	<u>1,062,545</u>			<u>1,062,545</u>
CHANGE IN NET ASSETS	5,996	640,867	147,453	794,316
NET ASSETS, BEGINNING OF YEAR	<u>15,581</u>	<u>3,771,998</u>	<u>1,297,590</u>	<u>5,085,169</u>
NET ASSETS, END OF YEAR	<u>\$ 21,577</u>	<u>\$ 4,412,865</u>	<u>\$ 1,445,043</u>	<u>\$ 5,879,485</u>

See the accompanying notes to financial statements.

# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2001, 2000 AND 1999

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	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 5,255,729	\$ 2,772,340	\$ 794,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Unrealized (appreciation) depreciation in fair value of investments	176,627	73,246	(390,980)
(Increase) decrease in pledges receivable	(3,573,516)	(2,218,484)	23,410
Increase (decrease) in amount due from related party - net	<u>(283,321)</u>	<u>269,776</u>	<u>(25,809)</u>
Cash provided by operating activities	<u>1,575,519</u>	<u>896,878</u>	<u>400,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(3,247,849)	(2,624,147)	(960,612)
Proceeds from sale of investments	<u>2,682,220</u>	<u>822,867</u>	<u>878,856</u>
Cash used in investing activities	<u>(565,629)</u>	<u>(1,801,280)</u>	<u>(81,756)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,009,890	(904,402)	319,181
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>214,339</u>	<u>1,118,741</u>	<u>799,560</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,224,229</u>	<u>\$ 214,339</u>	<u>\$ 1,118,741</u>

See the accompanying notes to financial statements.

# CUYAHOGA COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2001, 2000 AND 1999

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**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 collecting donations from individuals, corporations and foundations to be distributed as scholarships to persons attending Cuyahoga Community College (the "College"), and to be used for other purposes benefiting the College. The Foundation is classified as other than a private foundation by the Internal Revenue Service and is exempt from income taxes.

**Basis of Accounting and Financial Statement Presentation** - The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with the provisions of the American Institute of Certified Public Accountants' *Audit Guide for Not-for Profit Organizations*. The accompanying financial statements of the Foundation present information regarding its net assets and activities in the following three categories:

**Unrestricted** - Net assets are under the discretionary control of the Board of Directors (the "Board") and include amounts designated by the Board for specified purposes.

**Temporarily Restricted** - Net assets are restricted by the donor for a specific purpose (generally scholarships or educational development programs) or use in a future time period. As restrictions are met or expire, the net assets are released from restrictions and transferred to unrestricted.

**Permanently Restricted** - Net assets are subject to the donor's restriction that the principal remain invested in perpetuity. The income on these net assets is generally used for scholarships or educational development programs.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**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.

**Cash and Cash Equivalents** - Cash and cash equivalents include amounts held for disbursements and amounts received from contributions, which include cash on hand, cash in checking accounts and short-term investments with an original maturity of three months or less.

**Investments** - Investments are reported at fair value.

**Pledges Receivable** - The Foundation records pledges and unconditional promises to give as a receivable and revenue in the year the pledge is made. Conditional promises to give are not recorded until the conditions are substantially met.

**Contributions** - Contributions and grants, including bequests, special gifts and other donations, are recorded as revenue when received or, if by pledge, when an unconditional pledge is made. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Noncash bequests, gifts, and donations are recorded at the fair market value of the asset at the date of donation.

**Program Services Expenses** - All scholarships and other program services distributions are approved by the Board. Unconditional grants to the College are recognized when approved. Grants approved by the Board that are payable upon performance of specified conditions by the grantee (if any) are recognized in the statements of activities and changes in net assets when the specified conditions are satisfied.

## 2. INVESTMENTS

Investments at June 30, 2001, 2000 and 1999 consist of the following:

	2001	2000	1999
Common Stock	\$2,993,752	\$2,671,901	\$3,011,727
U.S. Government Bonds	1,247,756	1,184,400	833,642
Corporate Bonds	891,111	865,300	823,123
Mutual Funds	<u>1,664,733</u>	<u>1,686,749</u>	<u>11,824</u>
	<u>\$6,797,352</u>	<u>\$6,408,350</u>	<u>\$4,680,316</u>

## 3. PLEDGES RECEIVABLE

Pledges are discounted to their present value based on their respective terms and discount rates ranging from 4.75% to 5.75%, compounded annually. The discounted pledges at June 30, 2001 are scheduled to be collected as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Less than one year	\$ 54,513	\$3,590,465		\$3,644,978
One year or more	<u>60,263</u>	<u>2,688,825</u>		<u>2,749,088</u>
Total	114,776	6,279,290		6,394,066
Unamortized discount	<u>(8,713)</u>	<u>(529,730)</u>		<u>(538,443)</u>
Total	<u>\$ 106,063</u>	<u>\$5,749,560</u>	<u>\$ -</u>	<u>\$ 5,855,623</u>

## 4. RELATED PARTY TRANSACTIONS

The College, on behalf of the Foundation, collects special events parking revenue and other special events revenue during the year, of which \$42,641, \$44,550 and \$60,842 is due the Foundation as of June 30, 2001, 2000 and 1999, respectively.

The Foundation scholarships are awarded by the College. The Foundation received, on behalf of the College, grants from private foundations totaling \$1,555,601, \$591,850 and \$720,763 in fiscal years 2001, 2000 and 1999, respectively, and made promises to give these monies to the College for educational development programs. Outstanding promises to give grant monies to the College were \$12,291, \$297,521 and \$44,037 at June 30, 2001, 2000 and 1999, respectively.

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 individuals possessing those skills, and would typically need to be purchased if not provided by the donation. The Foundation recognized \$153,280, \$50,000 and \$32,550 worth of contributed services for the years ended June 30, 2001, 2000 and 1999, respectively, relating to individuals providing specialized skills that would have been purchased if not donated by the College.

## 5. NET ASSETS

Restricted net assets are as follows at June 30:

	<b>2001</b>		<b>2000</b>		<b>1999</b>	
	<b>Permanently</b>	<b>Temporarily</b>	<b>Permanently</b>	<b>Temporarily</b>	<b>Permanently</b>	<b>Temporarily</b>
Scholarships	\$ 1,407,948	\$ 11,467,095	\$ 1,432,660	\$ 6,269,942	\$ 1,445,043	\$ 3,662,724
Educational development	<u>                    </u>	<u>886,543</u>	<u>                    </u>	<u>820,855</u>	<u>                    </u>	<u>750,141</u>
Total	<u>\$ 1,407,948</u>	<u>\$ 12,353,638</u>	<u>\$ 1,432,660</u>	<u>\$ 7,090,797</u>	<u>\$ 1,445,043</u>	<u>\$ 4,412,865</u>

Net assets were released from restriction for the following purposes during the years ended June 30:

	<b>2001</b>	<b>2000</b>	<b>1999</b>
Scholarships	\$ 175,572	\$ 361,049	\$ 212,197
Educational development	1,475,780	591,850	720,754
Special events	85,639	32,059	62,185
Other	<u>39,788</u>	<u>124,259</u>	<u>33,993</u>
Total	<u>\$ 1,776,779</u>	<u>\$ 1,109,217</u>	<u>\$ 1,029,129</u>

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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***

Board of Directors  
Cuyahoga Community College Foundation:

We have audited the financial statements of Cuyahoga Community College Foundation (the "Foundation") as of and for the year ended June 30, 2001, and have issued our report thereon dated September 18, 2001. 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 the 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 the 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, Foundation management, and the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Deloitte &amp; Touche LLP". The signature is written in a cursive, flowing style.

September 18, 2001

# **CUYAHOGA COMMUNITY COLLEGE FOUNDATION**

## **STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE YEAR ENDED JUNE 30, 2001**

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There were no significant or material comments on internal control and legal compliance included in the prior year reports.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
NOVEMBER 8, 2001**