

***Cincinnati State Technical
and Community College
Foundation***

*Financial Statements as of June 30, 2003
and for the Year then Ended and
Independent Auditors' Report*



**Auditor of State
Betty Montgomery**

Board of Directors
Cincinnati State Technical and Community College Foundation
3520 Central Parkway
Cincinnati, OH 45223

We have reviewed the Independent Auditor's Report of the Cincinnati State Technical and Community College Foundation, Hamilton County, prepared by Deloitte & Touche LLP, 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 Cincinnati State Technical and Community College Foundation is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 24, 2004

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Cincinnati State Technical and Community College Foundation and
Ms. Betty Montgomery, Auditor of State of Ohio:

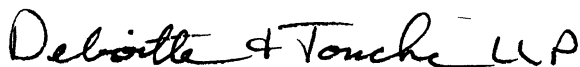
We have audited the accompanying balance sheet of Cincinnati State Technical and Community College Foundation (the "Foundation") as of June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2003 and its changes in net assets and cash flows for the year then ended.

As discussed in Note 2 to the financial statements, effective July 1, 2002 the Foundation converted from a modified cash basis of accounting to the accrual basis of accounting. The effect of this change was to decrease net assets as of July 1, 2002 by \$316,952.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2003, on our consideration of Cincinnati State Technical and 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 audit.



December 3, 2003

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

BALANCE SHEET JUNE 30, 2003

ASSETS

CASH AND CASH EQUIVALENTS	\$ 672,084
INVESTMENTS	947,116
PLEDGES RECEIVABLE	87,492
INTEREST INCOME RECEIVABLE	<u>603</u>
TOTAL ASSETS	<u>\$1,707,295</u>

LIABILITIES AND NET ASSETS

LIABILITIES—Accounts Payable	\$ <u>42,441</u>
NET ASSETS	
Unrestricted:	
General	(3,667)
Quasi-Endowment	580,758
Temporarily Restricted	695,313
Permanently Restricted Endowment	<u>392,450</u>
Total Net Assets	<u>1,664,854</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$1,707,295</u>

See notes to financial statements

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003

	Unrestricted		Quasi- Endowment		Temporarily Restricted		Permanently Restricted		2003 Total	
	General	Endowment	General	Endowment	General	Endowment	General	Endowment	General	Endowment
SUPPORT AND REVENUE:										
Contributions	\$ 8,396				\$ 389,777				\$ 398,173	
Interest and dividend income—net	8,786	\$ 5,840						\$ 9,809	24,435	
Unrealized and realized loss on investments		(2,922)						(4,097)	(7,019)	
Net assets released from restriction	248,664				(248,664)					
Total support and revenue	265,846	2,918			141,113			5,712	415,589	
EXPENDITURES—Support to the College for:										
Property, plant, and equipment and other general support	194,746								194,746	
Student scholarships/financial aid and educational program funding	130,804								130,804	
Total expenses	325,550								325,550	
TRANSFERS	5,712						(5,712)			
INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	(53,992)	2,918			141,113				90,039	
NET ASSETS—Beginning of year, as restated	50,325	577,840			554,200			392,450	1,574,815	
NET ASSETS—End of year	\$ (3,667)	\$ 580,758			\$ 695,313			\$ 392,450	\$ 1,664,854	

See notes to financial statements

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 90,039
Net realized and unrealized loss on investments	7,019
Change in certain assets and liabilities:	
Increase in pledges receivable	(87,492)
Increase in interest income receivable	(603)
Decrease in accounts payable	<u>(274,511)</u>
Net cash used in operating activities	<u>(265,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—	
Proceeds from sale of investments	<u>23,026</u>
NET DECREASE IN CASH	(242,522)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>914,606</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 672,084</u>

See notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2003 AND FOR THE YEAR THEN ENDED

1. ORGANIZATION AND GENERAL INFORMATION

The Cincinnati State Technical and Community College Foundation (“Foundation”) was organized to promote and support the programs, services and capital improvement projects of Cincinnati State Technical and Community College (“College”) and to solicit, receive, hold, administer and apply funds or other property, raised through gifts, devises, bequests, endowments, and grants for the benefit of the College.

The Foundation is governed by a self-perpetuating Board of Directors whose membership consists of certain ex-officio and other members from the College’s Board and management and members (a majority) who are not from the College’s Board or employed by the College.

Certain administrative functions related to the Foundation are provided by the College at no cost to the Foundation.

The Foundation is exempt from federal income taxes under Internal Revenue Code section 501c(3).

2. SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Method—Effective July 1, 2002, the Foundation adopted the accrual basis of accounting. Previously, it was on a modified cash basis of accounting. The effect of the change was to reduce by \$316, 952 the net assets as of the beginning of the year.

Basis of Accounting—The accounts of the Foundation are maintained, and financial statements are prepared on the accrual basis of accounting. Various types of net assets used by the Foundation are discussed below.

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

Unrestricted Net Assets:

General—General unrestricted net assets have no external restrictions as to use or purpose.

Quasi-Endowment Net Assets—Quasi-Endowment net assets are designated by the Board of Directors to be invested as a preservation of gift income and used at a later date when additional needs may arise.

Temporarily Restricted Net Assets—Temporarily restricted net assets represent net assets received that are restricted as to use as specified by donors or restricted by time. Such net assets were generally restricted as follows at June 30, 2003:

	2003
Scholarships/student financial aid	\$ 592,852
Equipment purchases	49,422
Time restriction for period after June 30, 2003	<u>53,039</u>
 Total	 <u><u>\$ 695,313</u></u>

Permanently Restricted Endowment Net Assets—Endowment net assets are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized in support of scholarships and student financial aid.

Cash and Cash Equivalents—Cash and cash equivalents consist of demand deposits and Certificates of Deposit.

Reclassifications—Certain reclassifications have been made to the beginning of year net assets to be consistent with the classification used in 2003.

Investments—Investments are reported at fair value and consist of pooled investments in The Greater Cincinnati Foundation Balanced Pool (“Pool”). The valuation of the investments in the Pool is based on the quoted market values of the investments held by the Pool. The Pool primarily invests in large capitalized equities and intermediate duration bonds.

3. CONCENTRATIONS OF CREDIT RISK

The carrying amount of cash and cash equivalents shown in the accompanying financial statements include checking, Certificates of Deposit and overnight investment accounts with one local bank for the years ended June 30, 2003.

4. PLEDGES RECEIVABLE

Pledges receivable have been classified as temporarily restricted net assets, as they have restricted as to use (approximately \$43,000) or payments are due in future periods (approximately \$53,000). No allowance for uncollectable pledges is considered necessary. Pledges receivable are due as follows:

2004	\$32,212
2005	30,034
2006	27,381
2007	<u>6,166</u>
 Gross amount of receivables	 95,793
Less interest	<u>8,301</u>
 Present value	 <u><u>\$ 87,492</u></u>

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Cincinnati State Technical and Community College Foundation and
Ms. Betty Montgomery, Auditor of State of Ohio:

We have audited the financial statements of Cincinnati State Technical and Community College Foundation (the "Foundation") as of and for the year ended June 30, 2003, and have issued our report thereon dated December 3, 2003, which includes an explanatory paragraph relating to the change in accounting principle described in Note 2 of the financial 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

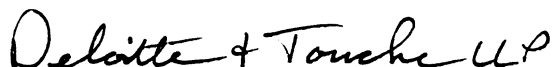
As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 Foundation's internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended solely for the information and use of the Board of Trustees and management of the Foundation 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.



December 3, 2003



**Auditor of State
Betty Montgomery**

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

HAMILTON 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
MARCH 9, 2004**