

***CINCINNATI STATE
TECHNICAL AND
COMMUNITY COLLEGE
FOUNDATION***

*Financial Statements - Modified Cash Basis
as of June 30, 2001 and 2000 and for the
Year Ended June 30, 2001 and
Independent Auditors' Report*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Cincinnati State Technical and Community College Foundation
Cincinnati, Ohio 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, 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 Cincinnati State Technical and Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

January 4, 2002

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Cincinnati State Technical and Community College Foundation:

We have audited the accompanying statements of assets and net assets - modified cash basis of Cincinnati State Technical and Community College Foundation (the "Foundation") as of June 30, 2001 and 2000, and the related statement of support and revenue collected and expenditures paid and changes in net assets - modified cash basis for the year ended June 30, 2001. 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. The prior year summarized comparative information has been derived from the Foundation's 2000 cash basis financial statements and, in our report dated October 27, 2000, we expressed an unqualified opinion on those 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. 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.

As discussed in Note 2 to the financial statements, these financial statements were prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets and net assets - modified cash basis of the Foundation as of June 30, 2001 and 2000 and its support and revenue collected, expenditures paid, and changes in net assets - modified cash basis for the year ended June 30, 2001, on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2001, 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.

Deloitte & Touche LLP

October 12, 2001

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS JUNE 30, 2001 AND 2000

| ASSETS | 2001 | 2000 |
|-----------------------------------|-------------------------------|-------------------------------|
| CASH AND CASH EQUIVALENTS: | | |
| Unrestricted | \$ 80,833 | \$ 53,854 |
| Temporarily restricted | 443,548 | 509,230 |
| Total cash and cash equivalents | <u>524,381</u> | <u>563,084</u> |
| INVESTMENTS: | | |
| Unrestricted | 209,645 | 239,711 |
| Temporarily restricted | 496,755 | 21,932 |
| Permanently restricted | 467,514 | 561,376 |
| Total investments | <u>1,173,914</u> | <u>823,019</u> |
| TOTAL ASSETS | <u><u>\$1,698,295</u></u> | <u><u>\$1,386,103</u></u> |
| NET ASSETS | | |
| UNRESTRICTED: | | |
| General | \$ 80,833 | \$ 53,854 |
| Quasi-Endowment | 209,645 | 239,711 |
| TEMPORARILY RESTRICTED | 940,303 | 531,162 |
| PERMANENTLY RESTRICTED ENDOWMENT | <u>467,514</u> | <u>561,376</u> |
| TOTAL NET ASSETS | <u><u>\$1,698,295</u></u> | <u><u>\$1,386,103</u></u> |

See notes to financial statements - modified cash basis.

**CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION**

**STATEMENT OF SUPPORT AND REVENUE COLLECTED AND EXPENDITURES PAID
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000**

| | Unrestricted | | Quasi- Endowment | Temporarily Restricted | Permanently Restricted Endowment | 2001 Total | 2000 Total |
|---|------------------|-------------------|---------------------|---------------------------|--|---------------------|---------------------|
| | General | Endowment | | | | | |
| SUPPORT AND REVENUE COLLECTED: | | | | | | | |
| Contributions | \$ 31,631 | | | \$ 750,310 | | \$ 781,941 | \$ 347,353 |
| Interest and dividend income, net | 34,047 | \$ 4,922 | | 13,870 | | 52,839 | 34,376 |
| Realized gains (losses) on investment transactions | | (2,879) | | 32,686 | \$ (11,244) | 18,563 | 67,248 |
| Change in unrealized gains (losses) on investments | | (27,187) | | (82,952) | (82,618) | (192,757) | 5,864 |
| Net assets released from restrictions | 304,773 | | | (304,773) | | | |
| Total support and revenue collected | <u>370,451</u> | <u>(25,144)</u> | | <u>409,141</u> | <u>(93,862)</u> | <u>660,586</u> | <u>454,841</u> |
| EXPENDITURES PAID - Support to the College for: | | | | | | | |
| Property, plant, and equipment and other general support | 198,917 | | | | | 198,917 | 102,537 |
| Student scholarships/financial aid and educational program funding | 149,477 | | | | | 149,477 | 196,619 |
| Total expenditures paid | <u>348,394</u> | | | | | <u>348,394</u> | <u>299,156</u> |
| TRANSFERS | 4,922 | (4,922) | | | | | |
| INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR | 26,979 | (30,066) | | 409,141 | (93,862) | 312,192 | 155,685 |
| NET ASSETS, Beginning of year | 53,854 | 239,711 | | 531,162 | 561,376 | 1,386,103 | 1,230,418 |
| NET ASSETS, End of year | <u>\$ 80,833</u> | <u>\$ 209,645</u> | | <u>\$ 940,303</u> | <u>\$ 467,514</u> | <u>\$ 1,698,295</u> | <u>\$ 1,386,103</u> |

See notes to financial statements - modified cash basis.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS AS OF JUNE 30, 2001 AND 2000 AND FOR THE YEAR ENDED JUNE 30, 2001

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

Basis of Accounting - The accounts of the Foundation are maintained, and financial statements are prepared on the modified cash basis of accounting. Consequently, certain support and revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when obligations are incurred. Such financial statements do not include pledges/contributions receivable, investment income accruals, accounts/grants payable, in-kind contributions and expenditure or other accruals. However, investments are reported at fair value. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. The accompanying statement of support and revenue collected and expenditures paid includes certain prior-year comparative information summarized from the Foundation's 2000 financial statements. Various types of funds used by the Foundation are discussed below.

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. Such funds are generally restricted as follows at June 30, 2001 and 2000:

| | 2001 | 2000 |
|------------------------------------|-------------------|-------------------|
| Scholarships/student financial aid | \$ 794,575 | \$ 355,421 |
| Equipment purchases | <u>145,728</u> | <u>175,741</u> |
| Total | <u>\$ 940,303</u> | <u>\$ 531,162</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.

Cash and Cash Equivalents - Cash and cash equivalents consist of demand deposits and certificates of deposit.

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, 2001 and 2000, respectively.

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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

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, 2001, and have issued our report thereon dated October 12, 2001. The financial statements of the Foundation were prepared on a modified cash basis of receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

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.

Deloitte & Touche LLP

October 12, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JANUARY 22, 2002**