

Owens Community College Foundation

Financial Statements

June 30, 2008 and 2007

plante

moran

Owens Community College Foundation

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3-4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Report Letter on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12

Owens Community College Foundation

Statement of Financial Position

	June 30	
	2008	2007
Assets		
Cash and cash equivalents	\$ 661,346	\$ 500,053
Accounts receivable	1,000	4,000
Investments (Note 3)	1,440,469	1,652,296
Pledges receivable (Note 4)	166,655	141,251
Total assets	<u>\$ 2,269,470</u>	<u>\$ 2,297,600</u>
Liabilities and Net Assets		
Liabilities		
Due to Owens State Community College (Note 5)	\$ 48,498	\$ 78,755
Deferred revenue	1,709	4,402
Funds in custody (agency funds)	67,119	87,411
Total liabilities	117,326	170,568
Net Assets (Note 6)		
Unrestricted	233,830	237,726
Temporarily restricted	877,751	933,263
Permanently restricted	1,040,563	956,043
Total net assets	2,152,144	2,127,032
Total liabilities and net assets	<u>\$ 2,269,470</u>	<u>\$ 2,297,600</u>



Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Owens Community College Foundation

We have audited the accompanying statement of financial position of Owens Community College Foundation (the "Foundation") as of June 30, 2008 and 2007 and the related statements of activities and changes in net assets and 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.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Owens Community College Foundation as of June 30, 2008 and 2007 and the results of its operations and 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, 2008 on our consideration of Owens Community 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. 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 opinions 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.

Plante & Moran, PLLC

September 18, 2008

Owens Community College Foundation

Statement of Activities and Changes in Net Assets Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Donations received	\$ 25,941	\$ 299,989	\$ 83,517	\$ 409,447
Investment income:				
Interest and dividend income	23,884	54,539	873	79,296
Unrealized loss on investments	-	(256,865)	-	(256,865)
Realized gain on investments	2,293	9,776	130	12,199
Grant revenue	-	74,192	-	74,192
Revenue released from restrictions	237,143	(237,143)	-	-
Total revenue and support	289,261	(55,512)	84,520	318,269
Expenses				
Program services:				
Scholarships	109,170	-	-	109,170
Equipment grant	34,806	-	-	34,806
Outside grants expense	74,192	-	-	74,192
Other program services	31,925	-	-	31,925
Total program services	250,093	-	-	250,093
Management and general	25,063	-	-	25,063
Fund-raising	18,001	-	-	18,001
Total expenses	293,157	-	-	293,157
(Decrease) Increase in Net Assets	(3,896)	(55,512)	84,520	25,112
Net Assets - Beginning of year	237,726	933,263	956,043	2,127,032
Net Assets - End of year	\$ 233,830	\$ 877,751	\$ 1,040,563	\$ 2,152,144

Owens Community College Foundation

Statement of Activities and Changes in Net Assets Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Donations received	\$ 15,881	\$ 118,000	\$ 69,993	\$ 203,874
Investment income:				
Interest and dividend income	23,777	41,480	732	65,989
Unrealized gain on investments	-	163,251	-	163,251
Realized gain on investments	10,442	48,282	693	59,417
Grant revenue	-	55,470	-	55,470
Revenue released from restrictions	250,403	(250,403)	-	-
Total revenue and support	300,503	176,080	71,418	548,001
Expenses				
Program services:				
Scholarships	97,398	-	-	97,398
Equipment grant	93,132	-	-	93,132
Outside grants expense	55,470	-	-	55,470
Other program services	45,028	-	-	45,028
Total program services	291,028	-	-	291,028
Management and general	25,150	-	-	25,150
Fund-raising	5,693	-	-	5,693
Total expenses	321,871	-	-	321,871
(Decrease) Increase in Net Assets	(21,368)	176,080	71,418	226,130
Net Assets - Beginning of year	259,094	757,183	884,625	1,900,902
Net Assets - End of year	\$ 237,726	\$ 933,263	\$ 956,043	\$ 2,127,032

Owens Community College Foundation

Statement of Activities and Changes in Net Assets Year Ended June 30, 2008

	Year Ended June 30	
	2008	2007
Cash Flows from Operating Activities		
Increase in net assets	\$ 25,112	\$ 226,130
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized loss (gain) on investments	256,865	(163,251)
Net realized gains on investments	(12,199)	(59,417)
(Increase) decrease in pledges receivable	(25,404)	58,821
Decrease (increase) in accounts receivable	3,000	(4,000)
Decrease in accounts payable	-	(160)
Decrease in amounts due to Owens Community College	(30,257)	(65,726)
Decrease in deferred revenue	(2,693)	(55,470)
(Decrease) increase in funds in custody (agency funds)	(20,292)	1,659
Donations restricted for long-term endowment investment	(83,517)	(69,993)
Net cash provided (used in) by operating activities	110,615	(131,407)
Cash Flows from Investing Activities		
Purchase of investments	(140,897)	(1,425,834)
Proceeds from the sale of investments	108,058	1,361,690
Net cash used in investing activities	(32,839)	(64,144)
Cash Flows from Financing Activities - Proceeds from donations restricted for long-term endowment investment	83,517	69,993
Increase (Decrease) in Cash and Cash Equivalents	161,293	(125,558)
Cash and Cash Equivalents - Beginning of year	500,053	625,611
Cash and Cash Equivalents - End of year	\$ 661,346	\$ 500,053

Owens Community College Foundation

Notes to Financial Statements June 30, 2008 and 2007

Note 1 - Organization and Purpose

Effective July 1, 1996, pursuant to Chapter 3358 of the Ohio Revised Code, the trustees of Owens Community College (the "College") terminated the Michael J. Owens Technical College Charitable Trust (the "Trust"). The assets of the Trust were transferred to the newly established Owens State Community College Foundation (the "Foundation"). The Foundation was established for the benefit of the College and its students. The Foundation was incorporated in April 2002 and the name was changed to Owens Community College Foundation effective November 25, 2003. The Foundation also serves as an agent for Owens Community College Alumni Association. The net assets of the alumni association are represented as funds in custody at June 30, 2008 and 2007.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation - The Foundation's financial statements are prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations
- **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.
- **Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Owens Community College Foundation

Notes to Financial Statements June 30, 2008 and 2007

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes on net assets.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Foundation considers cash in bank, time deposits, and highly liquid debt instruments with maturities of three months or less when purchased to be cash and cash equivalents.

Investments - In 2008 and 2007, investments are recorded at current market value based on quoted market prices and consist of stock and bond mutual funds.

Contributions - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Income Taxes - The Internal Revenue Service, in a letter dated September 29, 1997 and again on September 22, 2004, determined that the Foundation was exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates - Management of the Foundation has made estimates and assumptions relating to the reporting of assets, liabilities, the disclosure of contingent assets and liabilities and revenue and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Owens Community College Foundation

Notes to Financial Statements June 30, 2008 and 2007

Note 2 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement - In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 (SFAS 157), *Fair Value Measurements*. SFAS 157 defines fair value and expands disclosures about fair value measurements. SFAS does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of information. The provisions of SFAS 157 are effective for the fiscal year beginning after November 15, 2007. The Foundation is currently evaluating the impact, if any, of the provisions of SFAS 157 on the financial statements.

In February 2007, the FASB issued SFAS No. 159 (SFAS 159), *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Foundation is currently assessing the potential impact of SFAS 159 on the financial statements.

Note 3 - Investments

Investments at June 30, 2008, by major security type, were as follows:

	<u>Cost</u>	<u>Market Value</u>
Bond mutual funds	\$ 238,900	\$ 247,854
Equity mutual funds	1,231,960	1,192,575
Other	40	40
Total investments	<u>\$ 1,470,900</u>	<u>\$ 1,440,469</u>

Investments at June 30, 2007, by major security type, were as follows:

	<u>Cost</u>	<u>Market Value</u>
Bond mutual funds	\$ 238,900	\$ 240,506
Equity mutual funds	1,188,922	1,411,750
Other	40	40
Total investments	<u>\$ 1,427,862</u>	<u>\$ 1,652,296</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2008 and 2007

Note 3 - Investments (Continued)

Risks and Uncertainties - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Note 4 - Pledges Receivable

As of June 30, 2008 and 2007, contributors to the Foundation have made written unconditional promises to give. These promises are reported at present value of estimated future cash flows and are discounted at 3 percent to 4 percent. This rate is commensurate with risks involved and is consistent with past experience.

	2008	2007
Unconditional promises to give	\$ 175,000	\$ 155,000
Less unamortized discount	(8,345)	(13,749)
Net unconditional promises to give	<u>\$ 166,655</u>	<u>\$ 141,251</u>
Amounts due in:		
Less than one year	\$ 101,182	\$ 50,259
One to five years	65,473	90,992
Total	<u>\$ 166,655</u>	<u>\$ 141,251</u>

Note 5 - Related Party Transactions

Grants in the amount of \$242,093 and \$274,528 for fiscal years 2008 and 2007, respectively, were paid to the College by the Foundation. At June 30, 2008 and 2007, the net amounts owed to the College for reimbursement by the Foundation were \$48,498 and \$78,755, respectively.

Owens Community College Foundation

Notes to Financial Statements June 30, 2008 and 2007

Note 6 - Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Gifts and other donations available for:		
Library campaign	\$ 30,298	\$ 29,451
Equipment and other program expenses	358,746	269,521
Scholarships	<u>488,707</u>	<u>634,291</u>
Total gifts and other donations	<u>\$ 877,751</u>	<u>\$ 933,263</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	<u>2008</u>	<u>2007</u>
Equipment and other program expenses	\$ 57,231	\$ 104,485
Outside grant expenses	74,192	55,470
Scholarships	<u>105,720</u>	<u>90,448</u>
Total	<u>\$ 237,143</u>	<u>\$ 250,403</u>

Permanently restricted net assets consist of endowment funds. In certain cases, the donors of these funds have restricted the use of the income from such funds for scholarships. These expenses are reflected in the appropriate program services category on the statement of activities.

Permanently restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Equipment and other program expenses	\$ 292,840	\$ 291,769
Scholarships	<u>747,723</u>	<u>664,274</u>
Total	<u>\$ 1,040,563</u>	<u>\$ 956,043</u>



Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Report Letter on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of the Financial Statements Performed in Accordance
with *Government Auditing Standards*

To the Board of Trustees
Owens Community College Foundation

We have audited the financial statements of Owens Community College Foundation as of June 30, 2008 and for the years ended June 30, 2008 and 2007 and have issued our report thereon dated September 18, 2008. 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.

Compliance

As part of obtaining reasonable assurance about whether Owens Community College 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 Owens Community 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 Owens Community College Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Owens Community 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

To the Board of Trustees
Owens Community College Foundation

accepted accounting principles such that there is more than a remote likelihood that a misstatement of 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 the 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.

This report is intended solely for the information and use of the board of trustees, management of Owens Community College Foundation, and the auditor of the State of Ohio and is not intended to be used and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

September 18, 2008