

Owens Community College Foundation

Financial Statements

June 30, 2013



Dave Yost • Auditor of State

Board of Directors
Owens Community College Foundation
PO Box 10000
Toledo, Ohio 43699-1947

We have reviewed the *Independent Auditor's Report* of the Owens Community College Foundation, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2012 through June 30, 2013. 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 Owens Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 20, 2013

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Owens Community College Foundation

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Independent Auditor's Report

To the Board of Directors
Owens Community College Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Owens Community College Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2013 and 2012 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Directors
Owens Community College Foundation

Opinion

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, 2013 and 2012 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2013 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, grant agreements, and other matters. 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 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* in considering Owens Community College Foundation's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 1, 2013

Owens Community College Foundation

Statement of Financial Position

	June 30	
	2013	2012
Assets		
Cash and cash equivalents	\$ 638,740	\$ 717,608
Investments (Note 3)	2,317,780	1,978,296
Accounts receivable	-	3,110
Pledges receivable (Note 4)	176,449	94,868
Total assets	<u>\$ 3,132,969</u>	<u>\$ 2,793,882</u>
Liabilities and Net Assets		
Liabilities		
Due to Owens State Community College (Note 5)	\$ 80,422	\$ 96,499
Accounts payable	-	1,175
Funds in custody (agency funds)	52,640	56,425
Note payable (Note 5)	40,893	-
Total liabilities	173,955	154,099
Net Assets (Note 6)		
Unrestricted	270,638	190,173
Temporarily restricted	1,049,259	978,480
Permanently restricted	1,639,117	1,471,130
Total net assets	2,959,014	2,639,783
Total liabilities and net assets	<u>\$ 3,132,969</u>	<u>\$ 2,793,882</u>

Owens Community College Foundation

Statement of Activities and Changes in Net Assets Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Donations received	\$ 121,890	\$ 110,089	\$ 165,890	\$ 397,869
Investment income:				
Interest and dividend income	16,589	39,716	674	56,979
Unrealized gain on investments	16,525	74,697	553	91,775
Realized gain on investments	20,228	98,984	870	120,082
Grant revenue	326,673	-	-	326,673
Revenue released from restrictions	252,707	(252,707)	-	-
Total revenue and support	754,612	70,779	167,987	993,378
Expenses				
Program services:				
Scholarships	199,058	-	-	199,058
Outside grants expense	326,673	-	-	326,673
Other program services	61,314	-	-	61,314
Total program services	587,045	-	-	587,045
Management and general	73,117	-	-	73,117
Fundraising	13,985	-	-	13,985
Total expenses	674,147	-	-	674,147
Increase in Net Assets	80,465	70,779	167,987	319,231
Net Assets - Beginning of year	190,173	978,480	1,471,130	2,639,783
Net Assets - End of year	<u>\$ 270,638</u>	<u>\$ 1,049,259</u>	<u>\$ 1,639,117</u>	<u>\$ 2,959,014</u>

Owens Community College Foundation

Statement of Activities and Changes in Net Assets Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Donations received	\$ 22,557	\$ 115,610	\$ 185,676	\$ 323,843
Investment income (loss):				
Interest and dividend income	12,669	34,710	573	47,952
Unrealized loss on investments	(32,134)	(100,261)	(226)	(132,621)
Realized gain on investments	18,601	66,243	895	85,739
Grant revenue	302,014	-	-	302,014
Revenue released from restrictions	<u>222,673</u>	<u>(222,673)</u>	<u>-</u>	<u>-</u>
Total revenue and support	546,380	(106,371)	186,918	626,927
Expenses				
Program services:				
Scholarships	185,738	-	-	185,738
Equipment expense	20,195	-	-	20,195
Outside grants expense	302,014	-	-	302,014
Other program services	<u>30,074</u>	<u>-</u>	<u>-</u>	<u>30,074</u>
Total program services	538,021	-	-	538,021
Management and general	22,694	-	-	22,694
Fundraising	<u>14,022</u>	<u>-</u>	<u>-</u>	<u>14,022</u>
Total expenses	<u>574,737</u>	<u>-</u>	<u>-</u>	<u>574,737</u>
(Decrease) Increase in Net Assets	(28,357)	(106,371)	186,918	52,190
Net Assets - Beginning of year	<u>218,530</u>	<u>1,084,851</u>	<u>1,284,212</u>	<u>2,587,593</u>
Net Assets - End of year	<u>\$ 190,173</u>	<u>\$ 978,480</u>	<u>\$ 1,471,130</u>	<u>\$ 2,639,783</u>

Owens Community College Foundation

Statement of Cash Flows

	Year Ended June 30	
	2013	2012
Cash Flows from Operating Activities		
Increase in net assets	\$ 319,231	\$ 52,190
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	(91,775)	132,621
Net realized gain on investments	(120,082)	(85,739)
Donations restricted for long-term endowment investment	(148,770)	(90,809)
Changes in operating assets and liabilities:		
Increase in pledges receivable	(81,581)	(85,253)
Decrease in accounts receivable	3,110	6,554
(Decrease) increase in accounts payable	(1,175)	1,175
(Decrease) increase in amounts due to Owens Community College	(16,077)	39,752
(Decrease) increase in funds in custody (agency funds)	(3,785)	12,262
Net cash used in operating activities	(140,904)	(17,247)
Cash Flows from Investing Activities		
Purchase of investments	(1,064,010)	(1,525,883)
Proceeds from the sale of investments	936,383	1,583,424
Net cash (used in) provided by investing activities	(127,627)	57,541
Cash Flows from Financing Activities		
Proceeds from donations restricted for long-term endowment investment	148,770	90,809
Advance from the College (Note 5)	40,893	-
Net cash provided by financing activities	189,663	90,809
(Decrease) Increase in Cash and Cash Equivalents	(78,868)	131,103
Cash and Cash Equivalents - Beginning of year	717,608	586,505
Cash and Cash Equivalents - End of year	\$ 638,740	\$ 717,608

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 1 - Organization and Purpose

Effective July 1, 1996, pursuant to Chapter 3358 of the Ohio Revised Code, the trustees of Owens State 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, 2013. The net assets of the alumni association and Diamante campaign are represented as funds in custody at June 30, 2012.

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, revenue, 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 revenue 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, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue is 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 the bank, time deposits, and highly liquid debt instruments with maturities of three months or less when purchased to be cash and cash equivalents.

The Foundation maintains cash balances at two institutions. Cash maintained at a bank is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times balances will exceed federally insured limits. However, management has not experienced any significant losses and does not believe they are subject to significant risk.

Investments - In 2013 and 2012, investments are recorded at current market value based on quoted market prices and consist of individual stocks, stock mutual funds, and bond mutual funds.

Contributions - Contributions, which include unconditional promises to give (pledges), are recognized as revenue 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. As of June 30, 2013 and 2012, the Foundation deems all outstanding pledge receivables collectible.

Grant Revenue - Grant revenue is recognized as expenses are incurred.

Functional Allocation of Expenses - Total expenses consisted of expenses relating to program services, management and general, and fundraising. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

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Notes to Financial Statements June 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

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. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2010.

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.

Upcoming Pronouncement - In April 2013, the FASB issued Accounting Standards Update 2013-06, *Not-for-Profit Entities: Services Received from Personnel of an Affiliate*. The standard provides guidance on how to account for contributed personnel services from an affiliate. The standard clarifies that all contributed services received from an affiliate that directly benefit the recipient not-for-profit should be recognized. The standard will be effective for annual periods beginning after June 15, 2014. The Foundation is currently evaluating the impact this standard will have on the financial statements when adopted during the June 30, 2015 fiscal year.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including October 1, 2013, which is the date the financial statements were issued.

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 3 - Investments

Investments at June 30, 2013, by major security type, were as follows:

	Cost	Market Value
Bond mutual funds	\$ 649,166	\$ 646,927
Equity mutual funds	346,715	346,832
Common stocks	1,198,977	1,323,981
Other	40	40
Total investments	<u>\$ 2,194,898</u>	<u>\$ 2,317,780</u>

The Foundation changed investment managers during the year ended June 30, 2012. Investments at June 30, 2012, by major security type, were as follows:

	Cost	Market Value
Bond mutual funds	\$ 447,589	\$ 480,312
Equity mutual funds	409,441	418,582
Common stocks	1,090,119	1,079,362
Other	40	40
Total investments	<u>\$ 1,947,189</u>	<u>\$ 1,978,296</u>

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 statement of financial position.

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 4 - Pledges Receivable

As of June 30, 2013 and 2012, contributors to the Foundation have made written unconditional promises to give. The pledges receivable recorded as of June 30, 2013 and 2012 are from related parties of the Foundation, members of the board of trustees and the Owens Alumni Association. The promises are reported at present value of estimated future cash flows and are discounted at 1.5 to 3 percent based on the risk-free rate in the year the promise was received by the Foundation. The Foundation determines the risk-free rate based on the collection period of the pledge. This rate is commensurate with risks involved and is consistent with past experience.

	2013	2012
Unconditional promises to give	\$ 192,300	\$ 110,000
Less unamortized discount	<u>(15,851)</u>	<u>(15,132)</u>
Net unconditional promises to give	<u>\$ 176,449</u>	<u>\$ 94,868</u>
Amounts due in:		
Less than one year	\$ 51,819	\$ 9,298
One to five years	96,344	\$ 39,773
Six to 10 years	<u>28,286</u>	<u>45,797</u>
Total	<u>\$ 176,449</u>	<u>\$ 94,868</u>

Note 5 - Related Party Transactions

Grants in the amount of \$581,045 and \$531,721 for fiscal years 2013 and 2012, respectively, were paid to the College by the Foundation. At June 30, 2013 and 2012, the net amounts owed to the College for reimbursement by the Foundation were \$80,422 and \$96,499, respectively.

Refer to Note 4 regarding related party pledges received during the year ended June 30, 2013.

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 5 - Related Party Transactions (Continued)

The Foundation has a note payable to Owens State Community College for \$40,893 related to consulting expenses paid on the Foundation's behalf by the College. Annual payments begin in fiscal year 2014. The scheduled minimum payments on this note are as follows:

Years Ending June 30	Amount
2014	\$ 7,500
2015	7,500
2016	7,500
2017	7,500
2018	7,500
Thereafter	3,393
Total	<u>\$ 40,893</u>

Note 6 - Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	2013	2012
Gifts and other donations available for:		
Library	\$ 12,504	\$ 33,968
Equipment and other program expenses	433,112	381,406
Scholarships	603,643	563,106
Total gifts and other donations	<u>\$ 1,049,259</u>	<u>\$ 978,480</u>

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

	2013	2012
Equipment and other program expenses	\$ 55,990	\$ 39,768
Scholarships	196,717	182,905
Total	<u>\$ 252,707</u>	<u>\$ 222,673</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 6 - Restrictions and Limitations on Net Asset Balances (Continued)

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 and changes in net assets.

Permanently restricted net assets are available for the following purposes:

	2013	2012
Equipment and other program expenses	\$ 298,286	\$ 298,285
Scholarships	<u>1,340,831</u>	<u>1,172,845</u>
Total	<u>\$ 1,639,117</u>	<u>\$ 1,471,130</u>

Note 7 - Fair Value Measurements

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2013 and 2012 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 7 - Fair Value Measurements (Continued)

Disclosures concerning assets measured at fair value are as follows:

Fair Value Measurements at June 30, 2013

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2013
Mutual funds:				
Equity investments	\$ 346,832	\$ -	\$ -	\$ 346,832
Fixed-income investments	646,927	-	-	646,927
Total mutual funds	993,759.00	-	-	993,759
Common stock:				
Basic industry	46,088	-	-	46,088
Capital goods	63,500	-	-	63,500
Consumer cyclical	147,308	-	-	147,308
Consumer staples	234,465	-	-	234,465
Energy/Utilities	213,802	-	-	213,802
Financial	276,328	-	-	276,328
Technology	342,490	-	-	342,490
Total common stock	1,323,981	-	-	1,323,981
Money market mutual funds	396,756			396,756

Fair Value Measurements at June 30, 2012

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2012
Mutual funds:				
Equity investments	\$ 418,582	\$ -	\$ -	\$ 418,582
Fixed-income investments	480,312	-	-	480,312
Total mutual funds	898,894	-	-	898,894
Common stock:				
Basic industry	71,679	-	-	71,679
Capital goods	97,966	-	-	97,966
Consumer cyclical	109,539	-	-	109,539
Consumer staples	327,193	-	-	327,193
Energy/Utilities	158,326	-	-	158,326
Financial	129,146	-	-	129,146
Technology	185,513	-	-	185,513
Total common stock	1,079,362	-	-	1,079,362
Money market mutual funds	468,411	-	-	468,411

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 7 - Fair Value Measurements (Continued)

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2013 and 2012, there were no transfers between levels of the fair value hierarchy.

Note 8 - Donor- and Board-restricted Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 8 - Donor- and Board-restricted Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment	\$ -	\$ 511,538	\$ 1,639,117	\$ 2,150,655
(Quasi) Endowment	17,713	-	-	17,713
Total funds	<u>\$ 17,713</u>	<u>\$ 511,538</u>	<u>\$ 1,639,117</u>	<u>\$ 2,168,368</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of the year	\$ 15,794	\$ 356,852	\$ 1,471,130	\$ 1,843,776
Investment return:				
Investment income	1,231	136,385	1,544	139,160
Net appreciation	<u>688</u>	<u>80,341</u>	<u>553</u>	<u>81,582</u>
Total investment return	1,919	216,726	2,097	220,742
Contributions	-	1,466	165,890	167,356
Appropriation of endowment assets for expenditures	-	(43,837)	-	(43,837)
Administrative fees		(6,303)	-	(6,303)
Other changes - Transfers to other temporarily restricted funds	<u>-</u>	<u>(13,366)</u>	<u>-</u>	<u>(13,366)</u>
Endowment net assets - End of the year	<u>\$ 17,713</u>	<u>\$ 511,538</u>	<u>\$ 1,639,117</u>	<u>\$ 2,168,368</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment	\$ -	\$ 356,852	\$ 1,471,130	\$ 1,827,982
(Quasi) Endowment	15,794	-	-	15,794
Total funds	<u>\$ 15,794</u>	<u>\$ 356,852</u>	<u>\$ 1,471,130</u>	<u>\$ 1,843,776</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2013 and 2012

Note 8 - Donor- and Board-restricted Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of the year	\$ 15,795	\$ 413,583	\$ 1,284,212	\$ 1,713,590
Investment return:				
Investment income	925	99,619	1,468	102,012
Net depreciation	(926)	(99,689)	(226)	(100,841)
Total investment return	(1)	(70)	1,242	1,171
Contributions	-	4,322	185,676	189,998
Appropriation of endowment assets for expenditures	-	(39,959)	-	(39,959)
Administrative fees	-	(5,184)	-	(5,184)
Other changes - Transfers to other temporarily restricted funds	-	(15,840)	-	(15,840)
Endowment net assets - End of the year	<u>\$ 15,794</u>	<u>\$ 356,852</u>	<u>\$ 1,471,130</u>	<u>\$ 1,843,776</u>

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy stipulates that 3 to 6 percent of a three-year moving average of the value of the endowment is available to spend and the remaining income is to be reinvested. If an investment loss is realized, the loss is allocated entirely as currently expendable. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of CPI annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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*

Independent Auditor's Report

To Management and the Board of Directors
Owens Community College Foundation

We have audited, in accordance with the 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, the financial statements of Owens Community College Foundation (the "Foundation"), which comprise the basic statement of financial position as of June 30, 2013 and the related basic statements of activities and changes in net assets and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated October 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Owens Community College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors
Owens Community College Foundation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Owens Community College Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 1, 2013



Dave Yost • Auditor of State

OWENS COMMUNITY COLLEGE FOUNDATION

WOOD 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 3, 2013**