

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Financial Statements

June 30, 2001 and 2000

(With Independent Auditors' Report Thereon)





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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The Board of Directors  
Owens Community College Foundation  
P.O. Box 10,000, Oregon Road  
Toledo, Ohio 43699

We have reviewed the Independent Auditor's Report of the Owens Community College Foundation, Wood County, prepared by KPMG, for the audit period July 1, 2000 through 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 Owens Community College Foundation is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

January 31, 2002

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**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

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### **Independent Auditors' Report**

The Board of Directors  
Owens State Community College Foundation:

We have audited the accompanying statements of financial position of Owens State Community College Foundation (the Foundation) as of June 30, 2001 and 2000 and the related statements of activities and cash flows for the years 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 audits in accordance with auditing standards generally accepted in the United States of America. 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.

**KPMG LLP**

October 19, 2001

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Statements of Financial Position

June 30, 2001 and 2000

| <b>Assets</b>                           | <b>2001</b>       | <b>2000</b>    |
|---|-------------------|----------------|
| Cash and cash equivalents               | \$ 598,842        | 269,309        |
| Investments (note 3)                    | 89,759            | 441,215        |
| Pledges receivable                      | 5,000             | 5,000          |
| Land                                    | <u>68,806</u>     | <u>68,806</u>  |
| Total assets                            | <u>\$ 762,407</u> | <u>784,330</u> |
| <b>Liabilities and Net Assets</b>       |                   |                |
| Due to Owens Community College (note 4) | <u>\$ 4,242</u>   | <u>11,275</u>  |
| Total liabilities                       | <u>4,242</u>      | <u>11,275</u>  |
| Net assets:                             |                   |                |
| Unrestricted                            | 168,061           | 196,625        |
| Temporarily restricted (note 5)         | 310,004           | 322,835        |
| Permanently restricted (note 5)         | <u>280,100</u>    | <u>253,595</u> |
| Total net assets                        | <u>758,165</u>    | <u>773,055</u> |
| Total liabilities and net assets        | <u>\$ 762,407</u> | <u>784,330</u> |

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Statement of Activities

Year ended June 30, 2001

|  | <b>Unrestricted</b> | <b>Temporarily<br/>restricted</b> | <b>Permanently<br/>restricted</b> | <b>Totals</b> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------|
| Revenue and support:                     |                     |                                   |                                   |               |
| Investment income:                       |                     |                                   |                                   |               |
| Interest and dividend income             | \$ 11,827           | 11,405                            | 332                               | 23,564        |
| Unrealized gain (loss) on<br>investments | 209                 | (7,301)                           | —                                 | (7,092)       |
| Donations received                       | 550                 | 60,243                            | 26,173                            | 86,966        |
| Revenue released from restrictions       | 77,178              | (77,178)                          | —                                 | —             |
| Total revenue and support                | 89,764              | (12,831)                          | 26,505                            | 103,438       |
| Expenses:                                |                     |                                   |                                   |               |
| Program services:                        |                     |                                   |                                   |               |
| Scholarships                             | 71,145              | —                                 | —                                 | 71,145        |
| Equipment grant                          | 29,544              | —                                 | —                                 | 29,544        |
| Other program services                   | 836                 | —                                 | —                                 | 836           |
| Total program services                   | 101,525             | —                                 | —                                 | 101,525       |
| Management and general                   | 16,803              | —                                 | —                                 | 16,803        |
| Total expenses                           | 118,328             | —                                 | —                                 | 118,328       |
| Change in net assets                     | (28,564)            | (12,831)                          | 26,505                            | (14,890)      |
| Net assets – beginning of year           | 196,625             | 322,835                           | 253,595                           | 773,055       |
| Net assets – end of year                 | \$ 168,061          | 310,004                           | 280,100                           | 758,165       |

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Statement of Activities

Year ended June 30, 2000

|   | <b>Unrestricted</b> | <b>Temporarily<br/>restricted</b> | <b>Permanently<br/>restricted</b> | <b>Totals</b> |
|---|---------------------|-----------------------------------|-----------------------------------|---------------|
| Revenue and support:  |                     |                                   |                                   |               |
| Investment income:  |                     |                                   |                                   |               |
| Interest and dividend income                                | \$ 12,961           | 11,845                            | 679                               | 25,485        |
| Unrealized gain (loss) on<br>investments                    | (673)               | 20,880                            | —                                 | 20,207        |
| Donations received  | 10,919              | 59,353                            | 3,242                             | 73,514        |
| Special event revenue (net of direct<br>expense of \$5,521) | —                   | 10,298                            | —                                 | 10,298        |
| Revenue released from restrictions                          | 29,118              | (29,118)                          | —                                 | —             |
| Total revenue and support                                   | 52,325              | 73,258                            | 3,921                             | 129,504       |
| Expenses:   |                     |                                   |                                   |               |
| Program services:   |                     |                                   |                                   |               |
| Scholarships  | 33,752              | —                                 | —                                 | 33,752        |
| Equipment grant   | 19,712              | —                                 | —                                 | 19,712        |
| Other program services                                      | 4,533               | —                                 | —                                 | 4,533         |
| Total program services                                      | 57,997              | —                                 | —                                 | 57,997        |
| Management and general                                      | 20,137              | —                                 | —                                 | 20,137        |
| Total expenses  | 78,134              | —                                 | —                                 | 78,134        |
| Change in net assets  | (25,809)            | 73,258                            | 3,921                             | 51,370        |
| Net assets – beginning of year                              | 222,434             | 249,577                           | 249,674                           | 721,685       |
| Net assets – end of year                                    | \$ 196,625          | 322,835                           | 253,595                           | 773,055       |

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Statements of Cash Flows

Years ended June 30, 2001 and 2000

|   | <u>2001</u>       | <u>2000</u>     |
|---|-------------------|-----------------|
| Cash flows from operating activities:   |                   |                 |
| (Decrease) increase in net assets   | \$ (14,890)       | 51,370          |
| Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities:  |                   |                 |
| Unrealized loss (gain) on investments   | 7,092             | (20,207)        |
| Decrease in due from Owens Community College  | —                 | 6,917           |
| Decrease in pledges receivable  | —                 | 16,500          |
| (Decrease) increase in due to Owens Community College   | (7,033)           | 11,275          |
| Decrease in scholarship commitments   | —                 | (12,275)        |
| Donations restricted for long-term endowment investment   | <u>(26,173)</u>   | <u>(3,242)</u>  |
| Net cash provided by (used in) operating activities   | <u>(41,004)</u>   | <u>50,338</u>   |
| Cash flows used in investing activities:  |                   |                 |
| Purchase of investments   | (15,663)          | (17,476)        |
| Proceeds from the sale of investments   | <u>360,027</u>    | <u>—</u>        |
| Net cash provided by (used in) investing activities   | <u>344,364</u>    | <u>(17,476)</u> |
| Cash flows provided by financing activities – proceeds from donations restricted for long-term endowment investment | <u>26,173</u>     | <u>3,242</u>    |
| Increase in cash and cash equivalents   | 329,533           | 36,104          |
| Cash and cash equivalents at beginning of year  | <u>269,309</u>    | <u>233,205</u>  |
| Cash and cash equivalents at end of year  | <u>\$ 598,842</u> | <u>269,309</u>  |

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Notes to Financial Statements

June 30, 2001 and 2000

**(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.

**(2) Summary of Significant Accounting Policies**

**(a) 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.

**(b) Basis of Presentation**

Net assets and 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.

Revenues are reported as increases in unrestricted net assets unless 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 of net assets.

**(c) Cash and Cash Equivalents**

For purposes 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.

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Notes to Financial Statements

June 30, 2001 and 2000

**(d) Investments**

Investments are recorded at fair value based on quoted market prices and consist of certificates of deposit with maturities in excess of three months and marketable securities. Investment income is recognized as earned.

**(e) 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.

**(f) Land**

Land is stated at cost of the property, which approximates fair market value.

**(g) Income Taxes**

The Internal Revenue Service, in a letter dated September 29, 1997, determined that the Foundation was exempt from Federal income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code.

**(h) Use of Estimates**

Management of the Foundation has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities 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.

**(3) Investments**

Investments at June 30, 2001, by major security type, were as follows:

|                       | <b>Cost</b> | <b>Fair<br/>value</b> |
|-----------------------|-------------|-----------------------|
| Marketable securities | \$ 10,454   | 89,579                |
| Total investments     | \$ 10,454   | 89,579                |

**OWENS STATE COMMUNITY COLLEGE  
FOUNDATION**

Notes to Financial Statements

June 30, 2001 and 2000

Investments at June 30, 2000, by major security type, were as follows:

|                                   | <b>Cost</b> | <b>Fair<br/>value</b> |
|-----------------------------------|-------------|-----------------------|
| Marketable securities             | \$ 10,454   | 96,851                |
| Long-term certificates of deposit | 344,364     | 344,364               |
| Total investments                 | \$ 354,818  | 441,215               |

**(4) Related Party Transactions**

Expenses incurred on behalf of the College were \$101,525 and \$57,997 for fiscal years 2001 and 2000, respectively. In some instances, the College may accept deposit of donations for initially incurring the expense for a project and then reimburse or request reimbursement by the Foundation. At June 30, 2001 and 2000, the net amount the College requested to be reimbursed by the Foundation was \$4,242 and \$11,275, respectively.

**(5) Restrictions and Limitations on Net Asset Balances**

Temporarily restricted net assets are available for the following purposes:

|  | <b>2001</b> | <b>2000</b> |
|--|-------------|-------------|
| Gifts and other unexpended revenues available for: |             |             |
| Library campaign                                   | \$ 33,227   | 33,227      |
| Other supplies and equipment                       | 42,430      | 102,481     |
| Scholarships                                       | 230,168     | 182,948     |
| Student loans                                      | 4,179       | 4,179       |
|  | \$ 310,004  | 322,835     |

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

|                              | <b>2001</b> | <b>2000</b> |
|------------------------------|-------------|-------------|
| Other supplies and equipment | \$ 30,133   | 17,866      |
| Scholarships                 | 47,045      | 11,252      |
|                              | \$ 77,178   | 29,118      |

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.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
FEBRUARY 21, 2002**