

Owens Community College Foundation

Financial Statements
June 30, 2006 and 2005



**Auditor of State
Betty Montgomery**

Board of Trustees
Owens Community College Foundation
P. O. 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, 2005 through June 30, 2006. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 29, 2006

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Owens Community College Foundation

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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 as of June 30, 2006 and 2005 and the related statements of activities 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, 2006 and 2005 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 22, 2006 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 22, 2006

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A worldwide association of independent accounting firms

Owens Community College Foundation

Statement of Financial Position

	June 30	
	2006	2005
Assets		
Cash and cash equivalents	\$ 625,611	\$ 334,064
Investments (Note 3)	1,365,484	1,229,429
Pledges receivable (Note 4)	200,072	147,411
Land	-	68,806
Total assets	<u>\$ 2,191,167</u>	<u>\$ 1,779,710</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 160	\$ -
Due to Owens State Community College (Note 5)	144,481	45,154
Deferred revenue	59,872	104,645
Funds in custody (Agency funds)	85,752	80,726
Total liabilities	290,265	230,525
Net Assets (Note 6)		
Unrestricted	259,094	173,328
Temporarily restricted	757,183	586,411
Permanently restricted	884,625	789,446
Total net assets	1,900,902	1,549,185
Total liabilities and net assets	<u>\$ 2,191,167</u>	<u>\$ 1,779,710</u>

Owens Community College Foundation

Statement of Activities Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Support				
Donations received	\$ 21,413	\$ 293,805	\$ 94,562	\$ 409,780
Investment income:				
Interest and dividend income	18,795	56,114	617	75,526
Unrealized loss on investments	-	29,931	-	29,931
Realized gain (loss) on investments and land	96,494	(183)	-	96,311
Other revenue	-	99,773	-	99,773
Revenue released from restrictions	<u>308,668</u>	<u>(308,668)</u>	<u>-</u>	<u>-</u>
Total revenue and support	445,370	170,772	95,179	711,321
Expenses				
Program services:				
Scholarships	69,650	-	-	69,650
Equipment grant	121,491	-	-	121,491
Outside grants expense	99,773	-	-	99,773
Other program services	<u>37,311</u>	<u>-</u>	<u>-</u>	<u>37,311</u>
Total program services	328,225	-	-	328,225
Management and general	<u>31,379</u>	<u>-</u>	<u>-</u>	<u>31,379</u>
Total expenses	<u>359,604</u>	<u>-</u>	<u>-</u>	<u>359,604</u>
Increase in Net Assets	85,766	170,772	95,179	351,717
Net Assets - Beginning of year	<u>173,328</u>	<u>586,411</u>	<u>789,446</u>	<u>1,549,185</u>
Net Assets - End of year	<u>\$ 259,094</u>	<u>\$ 757,183</u>	<u>\$ 884,625</u>	<u>\$ 1,900,902</u>

Owens Community College Foundation

Statement of Activities Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Support				
Donations received	\$ 24,779	\$ 201,500	\$ 85,596	\$ 311,875
Investment income:				
Interest and dividend income	10,234	29,987	207	40,428
Unrealized loss on investments	-	(72,892)	-	(72,892)
Realized gain on investments	22,342	78,658	531	101,531
Other revenue	11,167	51,389	4,232	66,788
Revenue released from restrictions	164,940	(164,940)	-	-
Total revenue and support	233,462	123,702	90,566	447,730
Expenses				
Program services:				
Scholarships	58,300	-	-	58,300
Equipment grant	54,956	-	-	54,956
Outside grants expense	50,389	-	-	50,389
Other program services	3,325	-	-	3,325
Total program services	166,970	-	-	166,970
Management and general	34,439	-	-	34,439
Total expenses	201,409	-	-	201,409
Increase in Net Assets	32,053	123,702	90,566	246,321
Net Assets - Beginning of year	141,275	462,709	698,880	1,302,864
Net Assets - End of year	\$ 173,328	\$ 586,411	\$ 789,446	\$ 1,549,185

Owens Community College Foundation

Statement of Cash Flows

	Year Ended June 30	
	2006	2005
Cash Flows from Operating Activities		
Increase in net assets	\$ 351,717	\$ 246,321
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized loss (gain) on investments	(29,931)	72,892
Net realized gains on investments and land	(96,311)	(101,531)
Increase in pledges receivable	(52,661)	(99,134)
Increase in accounts payable	160	-
Increase in amounts due to Owens Community College	99,327	14,879
Increase (decrease) in deferred revenue	(44,773)	104,256
Increase in funds in custody (Agency funds)	5,026	25,085
Donations restricted for long-term endowment investment	(94,562)	(85,596)
Net cash provided by operating activities	137,992	177,172
Cash Flows from Investing Activities		
Purchase of investments	(208,944)	(1,672,314)
Proceeds from the sale of investments	267,937	1,549,482
Net cash provided by (used in) investing activities	58,993	(122,832)
Cash Flows from Financing Activities - Proceeds from donations restricted for long-term endowment investment	94,562	85,596
Increase in Cash and Cash Equivalents	291,547	139,936
Cash and Cash Equivalents - Beginning of year	334,064	194,128
Cash and Cash Equivalents - End of year	\$ 625,611	\$ 334,064

Owens Community College Foundation

Notes to Financial Statements June 30, 2006 and 2005

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 the Owens Community College Alumni Association. The net assets of the Alumni Association are represented as funds in custody at June 30, 2006.

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, 2006 and 2005

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 of 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 2006 and 2005, 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.

Land - Land is stated at cost of the property. At June 30, 2005, land had a net book value of \$68,806. In May, 2006, this property was sold for a sale price of \$165,300 for a gain of \$96,494.

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 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.

Owens Community College Foundation

Notes to Financial Statements June 30, 2006 and 2005

Note 3 - Investments

Investments at June 30, 2006, by major security type, were as follows:

	Cost	Market Value
Bond mutual funds	\$ 381,639	\$ 367,300
Equity mutual funds	920,621	998,144
Coins	40	40
Total investments	<u>\$ 1,302,300</u>	<u>\$ 1,365,484</u>

Investments at June 30, 2005, by major security type, were as follows:

	Cost	Market Value
Bond mutual funds	\$ 433,016	\$ 438,127
Equity mutual funds	763,121	791,262
Coins	40	40
Total investments	<u>\$ 1,196,177</u>	<u>\$ 1,229,429</u>

Note 4 - Pledges Receivable

As of June 30, 2006 and 2005, 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.

	2006	2005
Unconditional promises to give	\$ 219,000	\$ 158,000
Less unamortized discount	<u>(18,928)</u>	<u>(10,589)</u>
Net unconditional promises to give	<u>\$ 200,072</u>	<u>\$ 147,411</u>
Amounts due in:		
Less than one year	\$ 52,300	\$ 49,595
One to five years	<u>147,772</u>	<u>97,816</u>
Total	<u>\$ 200,072</u>	<u>\$ 147,411</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2006 and 2005

Note 5 - Related Party Transactions

Program services in the amount of \$328,225 and \$166,970 for fiscal years 2006 and 2005, respectively, were paid to the College by the Foundation. At June 30, 2006 and 2005, the net amounts owed to the College for reimbursement by the Foundation were \$144,481 and \$45,154, respectively.

Note 6 - Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	2006	2005
Gifts and other unexpended revenues available for:		
Library campaign	\$ 28,187	\$ 28,187
Equipment	278,320	184,987
Scholarships	450,676	369,058
Student loans	-	4,179
Total gifts and other unexpended revenues	<u>\$ 757,183</u>	<u>\$ 586,411</u>

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

	2006	2005
Equipment	\$ 144,495	\$ 58,001
Outside grant expenses	99,773	50,389
Scholarships	64,400	56,550
Total	<u>\$ 308,668</u>	<u>\$ 164,940</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.



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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 and for the years ended June 30, 2006 and 2005 and have issued our report thereon dated September 22, 2006. 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 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 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Trustees
Owens Community College Foundation

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 & Morse, PLLC

September 22, 2006



**Auditor of State
Betty Montgomery**

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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
DECEMBER 12, 2006**