Sinclair Community College Foundation

Financial Statements for the Years Ended December 31, 2007 and 2006, Supplemental Schedule for the Year Ended December 31, 2007, and Independent Auditors' Reports

Mary Taylor, CPA
Auditor of State

Board of Trustees
Sinclair Community College Foundation
444 West Third Street
Dayton, Ohio 45402-1460

We have reviewed the *Independent Auditors' Report* of the Sinclair Community College Foundation, Montgomery County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2007 through December 31, 2007. 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 Sinclair Community College Foundation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 11, 2008

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SINCLAIR COMMUNITY COLLEGE FOUNDATION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sinclair Community College Foundation and
Mary Taylor, Auditor of the State of Ohio:

We have audited the accompanying statements of financial position of Sinclair Community College Foundation (the "Foundation") as of December 31, 2007 and 2006, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of the Foundation, as of December 31, 2007 and 2006, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships and collective trust funds that are not mutual funds. Such investments for the Foundation totaled $10,507,789 and $9,820,565, or 35% and 34% of net assets as of December 31, 2007 and 2006, respectively. Where a publicly-listed price is not available, management uses alternative sources of information, including the funds' audited financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2008, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Foundation, taken as a whole. The accompanying schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the Foundation. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

June 5, 2008

SINCLAIR COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS		
CASH AND CASH EQUIVALENTS	$ 244,670	$ 837,522
INVESTMENTS:		
Fixed income securities	8,957,935	8,361,165
Equities	18,378,502	17,150,346
Miami Valley Venture Funds	286,680	176,710
Total investments	27,623,117	25,688,221
ACCOUNTS RECEIVABLE	10,550	
PLEDGES RECEIVABLE — Net of allowances of $34,820 and $37,360 at December 31, 2007 and 2006, respectively	1,919,901	2,041,438
TOTAL	$29,798,238	$28,567,181
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Payable to Sinclair Community College	$ 11,787	$ 69,084
Other payables	60,000	278,220
Total liabilities	71,787	347,304
NET ASSETS:		
Unrestricted	18,584,737	17,590,905
Temporarily restricted	6,448,322	6,077,773
Permanently restricted	4,693,392	4,551,199
Total net assets	29,726,451	28,219,877
TOTAL	$29,798,238	$28,567,181

See notes to financial statements.

SINCLAIR COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007				2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:								
Contributions	$ 408,425	$ 1,180,088	$ 129,994	$ 1,718,507	$ 378,041	$ 512,024	$ 423,970	$ 1,314,035
Interest/dividends — net of fund expenses of $43,335 in 2007 and $43,319 in 2006	25,450	5,191	210	30,851	12,637	2,532	320	15,489
Net assets released from restrictions	1,236,378	(1,236,378)			1,234,116	(1,234,116)		
Net realized/unrealized gains on investments	1,399,518	421,648	11,989	1,833,155	1,963,423	506,306	51,373	2,521,102
Total revenue and support	3,069,771	370,549	142,193	3,582,513	3,588,217	(213,254)	475,663	3,850,626
EXPENSES:								
Scholarships	616,729			616,729	607,406			607,406
Project support	1,234,807			1,234,807	1,428,541			1,428,541
Operating expenses	224,403			224,403	160,337			160,337
Total expenses	2,075,939			2,075,939	2,196,284			2,196,284
CHANGE IN NET ASSETS	993,832	370,549	142,193	1,506,574	1,391,933	(213,254)	475,663	1,654,342
NET ASSETS — Beginning of year	17,590,905	6,077,773	4,551,199	28,219,877	16,198,972	6,291,027	4,075,536	26,565,535
NET ASSETS — End of year	$18,584,737	$ 6,448,322	$4,693,392	$29,726,451	$17,590,905	$ 6,077,773	$4,551,199	$28,219,877

See notes to financial statements.

SINCLAIR COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,506,574	$ 1,654,342
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Receipt of donated stock	(125,125)	
(Increase) decrease in accounts receivable	(10,550)	20,475
Decrease in pledges receivable	121,537	1,271,894
Decrease in payable to Sinclair Community College	(57,297)	(495,036)
(Decrease) increase in other payables	(218,220)	71,267
Contributions and investment income restricted for long-term investment	(142,193)	(475,663)
Net realized/unrealized gains on investments	(1,833,155)	(2,521,102)
Net cash used in operating activities	(758,429)	(473,823)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	348,678	1,613,631
Purchase of investments	(325,294)	(1,765,985)
Net cash provided by (used in) investing activities	23,384	(152,354)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Investment income restricted for endowments	12,199	51,693
Contributions restricted for endowments	129,994	423,970
Net cash provided by financing activities	142,193	475,663
NET DECREASE IN CASH AND CASH EQUIVALENTS	(592,852)	(150,514)
CASH AND CASH EQUIVALENTS — Beginning of year	837,522	988,036
CASH AND CASH EQUIVALENTS — End of year	$ 244,670	$ 837,522
NONCASH TRANSACTIONS — Receipt of donated stock	$ 125,125	$ -

See notes to financial statements.

1. ORGANIZATION

The Sinclair Community College Foundation (the "Foundation") was established in 1969 for the sole purpose of providing scholarships and other financial assistance to Sinclair Community College (the "College") and its students. Revenue sources for the Foundation are private gifts from individuals, businesses and other foundations and investment income. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Foundation classifies net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. These classifications are permanently restricted, temporarily restricted, and unrestricted net assets.

Method of Accounting — The Foundation follows the accounting procedures as set forth in the AICPA Audit and Accounting Guide for *Not-for-Profit Organizations.*

Cash and Cash Equivalents — The Foundation considers all highly liquid investments with maturity of three months or less at the time of purchase, including money market accounts, to be cash equivalents.

Investments — Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Collective trust funds are stated at fair value and are based on the fund's net asset value as supplied by the fund manager. Other investments are recorded at cost or, if acquired by gift, at fair value at the date of the gift.

The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could result in the subsequent values of investment securities differing materially from the amounts reported in the statement of financial position.

Realized and unrealized gains and losses on all investments are recorded in the period earned. Such amounts are recorded as changes in unrestricted net assets to the extent there are no donor-imposed restrictions limiting the use of these gains and losses. If donor-imposed restrictions exist, such amounts are reported as changes to temporarily restricted or permanently restricted net assets, depending upon the nature of the restriction.

Contributions — Contributions are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted support, while contributions without donor-imposed restrictions are reported as unrestricted support.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

New Accounting Pronouncements — In September 2006, the Financial Accounting Standards Board ("FASB") issued the Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. SFAS 157 will be effective for the Foundation's fiscal year beginning January 1, 2008. The Foundation has not yet evaluated the impact that SFAS 157 will have on its financial statements and related disclosures.

In July 2006, the FASB issued Financial Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes," which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in the income tax return. This interpretation requires financial statement recognition of the impact of a tax position, if that position is more likely than not of being sustained on an audit, based on technical merits of the position. FIN 48 will be effective for the Foundation's fiscal year beginning January 1, 2008. The Foundation has not yet evaluated the impact that FIN 48 will have on its financial statements and related disclosures.

3. INVESTMENTS

Cost values of investments at December 31, 2007 and 2006, are summarized as follows:

	2007	2006
Fixed income securities	$ 6,634,642	$ 6,646,750
Equities	12,429,596	12,227,187
Venture capital funds	286,680	176,710
Total investments	$ 19,350,918	$ 19,050,647

The limited partner investments in the venture funds, which are carried at cost, had market values of $292,712 and $169,958, at December 31, 2007 and 2006, respectively.

The fixed income securities and equities investments consist entirely of units or shares owned in various funds that are managed by Barclays Global Investors and American Funds. The Foundation has also made limited partner commitments of $250,000 each to the Miami Valley Venture Funds I and II ("Fund I" and "Fund II," respectively), and $500,000 to the Dayton Region Signature Fund ("Signature Fund"). Fund I had its inception in 1996 and completed calling the committed capital of $250,000 in 2002. Return of capital distributions totaling $132,459 have been made by Fund I through December 31, 2007. The investment value of Fund I carried in these financial statements, net of interest income and management fees, was $20,697 and $19,385 at December 31, 2007 and 2006, respectively. Fund II had its inception in 2001, and capital calls have totaled $227,500 through December 31, 2007. Return of capital distributions totaling $60,708 have been made by Fund II through December 31, 2007. The investment value of Fund II carried in these financial statements, net of interest income and management fees, was $132,839 and $157,326 at December 31, 2007 and 2006, respectively. The Signature Fund had its inception in 2007, and capital calls have totaled $125,000 through December 31, 2007. No return of capital distributions were made in 2007. The investment value of the Signature Fund, net of interest income and management fees, was $139,176 at December 31, 2007.

The fixed income and equities investments recorded net realized gains of $178,096 and $399,807 for the years ended December 31, 2007 and 2006, respectively. The venture fund investments recorded net realized gains of $20,432 and net realized losses of ($6,201) for the years ended December 31, 2007 and 2006, respectively.

4. PLEDGES RECEIVABLE

As the collection of pledges is estimated to be probable, the Foundation recorded a receivable of $1,919,901, representing the present value of those pledges receivable at December 31, 2007. The fair value of pledges due within one year approximates its carrying value due to the short-term nature of the receivable. The remaining receivables have been discounted to reflect the present value of expected future cash flows using a discount rate of 5%.

Pledges receivable at December 31, 2007 and 2006, respectively, are summarized as follows:

	2007			
	Less than 1 Year	1–5 Years	More than 5 Years	Total
Pledges receivable	$ 1,043,144	$ 972,507	$ -	$ 2,015,651
Unamortized discount		(60,930)		(60,930)
Present value of pledges receivable	1,043,144	911,577		1,954,721
Allowance for doubtful accounts	(20,864)	(13,956)		(34,820)
Pledges receivable — net	$ 1,022,280	$ 897,621	$ -	$ 1,919,901

	2006			
	Less than 1 Year	1–5 Years	More than 5 Years	Total
Pledges receivable	$ 1,065,952	$ 1,067,463	$ -	$ 2,133,415
Unamortized discount		(54,617)		(54,617)
Present value of pledges receivable	1,065,952	1,012,846		2,078,798
Allowance for doubtful accounts	(21,319)	(16,041)		(37,360)
Pledges receivable — net	$ 1,044,633	$ 996,805	$ -	$ 2,041,438

5. NET ASSETS

Unrestricted Net Assets — Unrestricted net assets represent funds which can be used by the Foundation for any purpose authorized by the Board of Trustees.

Temporarily Restricted Net Assets — Temporarily restricted net assets represent funds which are restricted for a specific purpose determined by the donor. The Foundation maintains separate balances in its accounting records to account for the amounts available for such restricted purposes. Net assets released from donor restrictions as of December 31, 2007 and 2006, were as follows:

	2007	2006
Scholarships	$ 196,075	$ 221,750
Project support	982,128	958,392
Operating fee	58,175	53,974
	$1,236,378	$1,234,116

Permanently Restricted Net Assets — Permanently restricted net assets are restricted to investment in perpetuity as endowment funds. The endowment funds represent contributions for which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the investment income (or portions thereof) of the funds be expended as the donor has specified, principally for scholarships and student financial aid. Such investment income is recognized as income in temporarily restricted net assets or unrestricted net assets in accordance with donor stipulations when it is earned.

At December 31, 2007 and 2006, respectively, the following summarizes the programs supported by net assets of the Foundation:

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Scholarships	$ -	$2,805,340	$2,995,400	$ 5,800,740
Academic support		1,748,375	515,082	2,263,457
Undesignated and other	18,584,737	1,894,606	1,182,911	21,662,254
	$18,584,737	$6,448,321	$4,693,393	$29,726,451

	2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Scholarships	$ -	$2,304,814	$2,824,226	$ 5,129,040
Academic support		1,999,648	523,831	2,523,479
Undesignated and other	17,590,905	1,773,311	1,203,142	20,567,358
	$17,590,905	$6,077,773	$4,551,199	$28,219,877

6. TRANSACTIONS WITH SINCLAIR COMMUNITY COLLEGE

The Foundation processes payments through and maintains accounting and donor records on the computer systems of the College. The College allocates the cost of accounting, donor database management, and computer system support to the Foundation. The College also allocates certain donor development staff costs to the Foundation. Such allocations amounted to $82,300 and $61,400 for the years ended December 31, 2007 and 2006, respectively.

7. DONATED EQUIPMENT AND MATERIALS

The Foundation receives donations of equipment and materials which are passed on to the College for various educational uses. For the years ended December 31, 2007 and 2006, these donations were valued at $19,000 and $294,000, respectively, and were reported as unrestricted contribution revenue and project support expense.

8. FUND-RAISING COSTS

Operating expenses include fund-raising costs of $111,167 and $28,600 for the years ended December 31, 2007 and 2006, respectively.

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SUPPLEMENTAL SCHEDULE

SINCLAIR COMMUNITY COLLEGE FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	Program Services	Management and General	Fundraising	Total
SCHOLARSHIPS AND PROJECT SUPPORT	$ 1,851,536	$ -	$ -	$ 1,851,536
SALARIES AND RELATED EXPENSES:				
Salaries and wages		58,639		58,639
Pension plan contributions		8,122		8,122
Other employment benefits		10,254		10,254
Payroll taxes		821		821
PRINTING AND PUBLICATIONS			26,772	26,772
TRAVEL		1,954		1,954
ANNUAL AUDIT		17,758		17,758
MEMBERSHIPS		2,110		2,110
SUPPLIES			19,497	19,497
ACCOUNTING FEES		4,500		4,500
RECEPTIONS		470	800	1,270
STATE REGISTRATION FEES		200		200
SOFTWARE MAINTENANCE		7,712		7,712
LEGAL FEES		1,275		1,275
FUNDRAISING CONSULTANT FEES			64,098	64,098
CHECKING ACCOUNT INTEREST AND FEES — Net		(579)		(579)
TOTAL FUNCTIONAL EXPENSES	$ 1,851,536	$113,236	$111,167	$2,075,939

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INDEPENDENT AUDITORS' 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*

Board of Trustees
Sinclair Community College Foundation and
Mary Taylor, Auditor of the State of Ohio:

We have audited the financial statements of Sinclair Community College Foundation (the "Foundation"), as of and for the year ended December 31, 2007, and have issued our report thereon dated June 5, 2008. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 accepted accounting principles such that there is more than a remote likelihood that a misstatement of the 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

This report is intended solely for the information and use of the Board of Trustees, management, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 5, 2008

SINCLAIR COMMUNITY COLLEGE FOUNDATION

MONTGOMERY 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
JULY 24, 2008