

**CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION**
Cincinnati, Ohio

FINANCIAL STATEMENTS
June 30, 2008 and 2007



Mary Taylor, CPA
Auditor of State

Board of Trustees
Cincinnati State and Technical Community College Foundation
3520 Central Parkway
Cincinnati, Ohio 45223

We have reviewed the *Independent Auditor's Report* of the Cincinnati State and Technical Community College Foundation, Hamilton County, prepared by Crowe Horwath LLP, for the audit period July 1, 2007 through June 30, 2008. 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 Cincinnati State and Technical Community College Foundation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 27, 2009

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CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION
Cincinnati, Ohio

FINANCIAL STATEMENTS
June 30, 2008 and 2007

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Cincinnati State Technical and Community
College Foundation
Cincinnati, Ohio

We have audited the accompanying statement of financial position of Cincinnati State Technical and Community College Foundation (the "Foundation") as of June 30, 2008 and 2007, 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 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 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, 2008 and 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008, on our consideration of the Foundation's internal control over financial reporting and on 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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Columbus, Ohio
December 23, 2008

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 1,136,946	\$ 632,409
Investments	2,287,562	2,341,792
Pledges receivable, net	14,674	44,518
Interest income receivable	1,467	2,369
Other receivable	<u>34,019</u>	<u>139,495</u>
Total assets	<u>\$ 3,474,668</u>	<u>\$ 3,160,583</u>
LIABILITIES AND NET ASSETS		
Accounts payable	<u>\$ 421,850</u>	<u>\$ 58,920</u>
Net assets		
Unrestricted	577,025	723,357
Temporarily restricted	1,169,009	1,082,881
Permanently restricted endowment	<u>1,306,784</u>	<u>1,295,425</u>
Total net assets	<u>3,052,818</u>	<u>3,101,663</u>
Total liabilities and net assets	<u>\$ 3,474,668</u>	<u>\$ 3,160,583</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2008 with comparative 2007 totals

	Unrestricted			Temporarily Restricted	Permanently Restricted Endowment	2008 Total	2007 Total
	General	Quasi Endowment	Total Unrestricted				
Support and revenue							
Contributions	\$ 37,310	\$ -	\$ 37,310	\$ 970,862	\$ 11,359	\$ 1,019,531	\$ 645,334
Interest and dividend income, net	196,419	-	196,419	-	-	196,419	39,542
Unrealized and realized gain on investments	1,896	(238,069)	(236,173)	-	-	(236,173)	318,856
Net assets released from restriction	<u>884,734</u>	<u>-</u>	<u>884,734</u>	<u>(884,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	1,120,359	(238,069)	882,290	86,128	11,359	979,777	1,003,732
Expenses							
General operating expenses and support	721,314	-	721,314	-	-	721,314	120,361
Student scholarships, financial aid and educational program funding	<u>307,308</u>	<u>-</u>	<u>307,308</u>	<u>-</u>	<u>-</u>	<u>307,308</u>	<u>7,000</u>
Total expenses	<u>1,028,622</u>	<u>-</u>	<u>1,028,622</u>	<u>-</u>	<u>-</u>	<u>1,028,622</u>	<u>127,361</u>
Increase (decrease) in net assets	91,737	(238,069)	(146,332)	86,128	11,359	(48,845)	876,371
Net assets, beginning of year	<u>(322,065)</u>	<u>1,045,422</u>	<u>723,357</u>	<u>1,082,881</u>	<u>1,295,425</u>	<u>3,101,663</u>	<u>2,225,292</u>
Net assets, end of year	<u>\$ (230,328)</u>	<u>\$ 807,353</u>	<u>\$ 577,025</u>	<u>\$ 1,169,009</u>	<u>\$ 1,306,784</u>	<u>\$ 3,052,818</u>	<u>\$ 3,101,663</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	Unrestricted			Temporarily Restricted	Permanently Restricted Endowment	2007 Total
	General	Quasi Endowment	Total Unrestricted			
Support and revenue						
Contributions	\$ 25,493	\$ -	\$ 25,493	\$ 199,266	\$ 420,575	\$ 645,334
Interest and dividend income, net	39,542	-	39,542	-	-	39,542
Unrealized and realized gain on investments	6,071	312,785	318,856	-	-	318,856
Net assets released from restriction	<u>60,465</u>	<u>-</u>	<u>60,465</u>	<u>(60,465)</u>	<u>-</u>	<u>-</u>
Total support and revenue	131,571	312,785	444,356	138,801	420,575	1,003,732
Expenses						
General operating expenses and support	120,361	-	120,361	-	-	120,361
Student scholarships, financial aid and educational program funding	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total expenses	<u>127,361</u>	<u>-</u>	<u>127,361</u>	<u>-</u>	<u>-</u>	<u>127,361</u>
Increase in net assets	4,210	312,785	316,995	138,801	420,575	876,371
Net assets, beginning of year	<u>(326,275)</u>	<u>732,637</u>	<u>406,362</u>	<u>944,080</u>	<u>874,850</u>	<u>2,225,292</u>
Net assets, end of year	<u>\$ (322,065)</u>	<u>\$ 1,045,422</u>	<u>\$ 723,357</u>	<u>\$ 1,082,881</u>	<u>\$ 1,295,425</u>	<u>\$ 3,101,663</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ (48,845)	\$ 876,371
Contributions permanently restricted for endowment	(11,359)	(420,575)
Bad debt expense	24,913	-
Net realized and unrealized loss (gain) on investments	236,173	(318,856)
Change in assets and liabilities		
Pledges receivable	4,931	183,998
Other receivables	106,378	(81,620)
Accounts payable	<u>362,930</u>	<u>(5,620)</u>
Net cash from operating activities	675,121	233,698
 Cash flows from investing activities		
Proceeds from sale of investments	1,157,166	101,251
Purchase of investments	<u>(1,339,109)</u>	<u>(685,173)</u>
Net cash from investing activities	<u>(181,943)</u>	<u>(583,922)</u>
 Cash flows from financing activities		
Contributions permanently restricted for endowment	<u>11,359</u>	<u>420,575</u>
 Net increase in cash and cash equivalents	504,537	70,351
 Cash and cash equivalents, beginning of year	<u>632,409</u>	<u>562,058</u>
 Cash and cash equivalents, end of year	<u>\$ 1,136,946</u>	<u>\$ 632,409</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 - ORGANIZATION AND GENERAL INFORMATION

The Cincinnati State Technical and Community College Foundation (the "Foundation") was organized to promote and support the programs, services and capital improvement projects of Cincinnati State Technical and Community College (the "College") and to solicit, receive, hold, administer and apply funds or other property, raised through gifts, devises, bequests, endowments, and grants for the benefit of the College.

The Foundation is governed by a self-perpetuating Board of Directors whose membership consists of certain ex-officio and other members from the College's Board and management and members (a majority) who are not from the College's Board or employed by the College.

Certain administrative functions related to the Foundation are provided by the College at no cost to the Foundation.

The Internal Revenue Service has ruled that the Foundation is not a private foundation and is exempt from federal income taxes under Internal Revenue Code 501(c) (3).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents: Cash and cash equivalents includes deposits in financial institutions and short-term investments with original maturities of 90 days or less.

Contributions: Contributions to the Foundation 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.

Investments: Investments are reported at fair value and consist of pooled investments. The valuation of the investments is based on the quoted market values of the investments held by the pool. The pool primarily invests in large capitalized equities and intermediate duration bonds.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Pronouncements: In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*. This standard clarifies the definition of fair value for reporting, establishes a framework for measuring fair value and greatly expands disclosures about the use of fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Additional disclosures will be required regarding the inputs used to develop the measurements of fair value and the effect of certain measurements reported in the statement of activities for a fiscal period.

In August 2008, FASB issued Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP 117-1"). This FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Additional disclosures about endowments for both donor-restricted funds and board designated funds for all organizations, including those that are not yet subject to an enacted version of UPMIFA, are required to enable users to understand its endowment funds' net asset classification, net asset composition, changes in net asset composition, spending policy(ies), and related investment policy(ies). FSP 117-1 is effective for all fiscal years ending after December 15, 2008.

The provisions of FAS 157 and FSP 117-1 become effective for the year ended June 30, 2009. The overall financial statement impact of adoption of these pronouncements has not been determined by the Foundation.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 3 - NET ASSETS

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

Unrestricted Net Assets:

General - General unrestricted net assets have no external restrictions as to use or purpose.

Quasi-Endowment Net Assets - Quasi-Endowment net assets are designated by the Board of Directors to be invested as a preservation of gift income and used at a later date when additional needs may arise.

Temporarily Restricted Net Assets:

Temporarily restricted net assets represent net assets received that are restricted as to use as specified by donors or restricted by time. Such net assets were generally restricted as follows at June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Scholarships and student financial aid	\$ 973,510	\$ 601,913
Program support	<u>195,499</u>	<u>480,968</u>
Total	<u>\$ 1,169,009</u>	<u>\$ 1,082,881</u>

Permanently Restricted Endowment Net Assets:

Endowment net assets are subject to the restrictions of gift instruments requiring in perpetuity that the principle be invested and the income only be utilized in support of scholarships and student financial aid.

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 are reported as reclassifications between the applicable classes of net assets.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The carrying amount of cash and cash equivalents shown in the accompanying financial statements include checking and overnight investment accounts with one local bank that maintains insurance on deposits up to \$100,000 for the years ended June 30, 2008 and 2007. At various times throughout the fiscal year, the Foundation had in excess of \$100,000 on deposit.

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable have been classified as temporarily restricted net assets, as they have restrictions as to use. No allowance for uncollectible pledges is considered necessary. Pledges receivable are due as follows at June 30, 2008:

2009	\$ 9,244
2010	3,500
2011	823
2012	250
2013	250
Thereafter	<u>1,115</u>
	15,182
Less: present value discount	<u>508</u>
Net pledges receivable	<u>\$ 14,674</u>

At June 30, 2006, pledges receivable totaled \$48,280 with a discount of \$3,762 resulting in net pledges receivable of \$44,518.

NOTE 6 - TRANSACTIONS WITH CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE

Cincinnati State Technical and Community College provides office space, personnel, computer and other administrative services to the Foundation. All compensation and benefits for the personnel are paid by the College. The estimated value of the services is not included in the Foundation's financial statements.

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
Cincinnati State Technical and Community
College Foundation
and Auditor of State of Ohio
Cincinnati, Ohio

We have audited the financial statements of Cincinnati State Technical and Community College Foundation (the "Foundation") as of and for the year ended June 30, 2008, and have issued our report thereon dated the same date as this report. 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 Foundation'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 Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Management Review And Approval Of Reconciliations And Journal Entries

Observation: A third party CPA is utilized to reconcile accounts and post entries to the general ledger. However, there is no documentation of review and approval of the account reconciliations or of the journal entries.

Recommendation: We recommend that all reconciliations and journal entries prepared by the third party CPA be reviewed and approved by management. In addition, this review and approval should be documented.

Management's Response: We agree. The Executive Director of the Foundation will work with the CPA to develop such documents that will provide data for review and approval. We will begin with the second quarter of FY '09.

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 Foundation's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency in the table above to be a material weakness.

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*.

Cincinnati State Technical and Community College Foundation's response to the finding identified in our audit is described in the aforementioned table. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Foundation in a separate letter dated December 23, 2008.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
December 23, 2008



Mary Taylor, CPA
Auditor of State

CINCINNATI STATE AND TECHNICAL COMMUNITY COLLEGE FOUNDATION

HAMILTON 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 12, 2009**