

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 1999 AND 1998

GIUNTI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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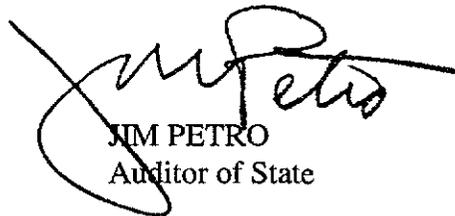
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To the Board of Directors
Cuyahoga Community College Foundation

We have reviewed the Independent Auditor's Report of the Cuyahoga Community College Foundation, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 1998 to June 30, 1999. 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 Cuyahoga Community College Foundation is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

March 20, 2000

*Creating economic value through
knowledge, innovation, commitment, and service*

CIUNI & PANICHI
INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Cuyahoga Community College Foundation
700 Carnegie Avenue
Cleveland, Ohio 44101

We have audited the accompanying statement of financial position of Cuyahoga Community College Foundation as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Cuyahoga Community College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants 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 audit provides 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 Cuyahoga Community College Foundation as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 1999, on our consideration of Cuyahoga Community College Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 3, 1999

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Statement of Financial Position

June 30, 1999 and 1998

Assets

	<u>1999</u>	<u>1998</u>
Current assets:		
Cash and cash equivalents	\$ 847,474	\$ 799,560
Investments	3,661,988	3,259,371
Pledges receivable	43,556	33,214
Due from related party	<u>60,842</u>	<u>16,145</u>
Total current assets	4,613,860	4,108,290
Permanently restricted investments	1,289,595	948,209
Pledges receivable	<u>20,067</u>	<u>53,819</u>
	<u>1,309,662</u>	<u>1,002,028</u>
	\$ <u>5,923,522</u>	\$ <u>5,110,318</u>

Liabilities and Net Assets

Liabilities:		
Due to related party	\$ <u>44,037</u>	\$ <u>25,149</u>
Total liabilities	44,037	25,149
Net assets:		
Unrestricted	21,577	15,581
Temporarily restricted	4,412,865	3,771,998
Permanently restricted	<u>1,445,043</u>	<u>1,297,590</u>
Total net assets	5,879,485	5,085,169
	\$ <u>5,923,522</u>	\$ <u>5,110,318</u>

The accompanying notes are an integral part of these financial statements

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Statement of Activities

For the years ended June 30, 1999 and 1998

	1999			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Contributions	\$ 38,911	\$ 278,977	\$ 52,028	\$ 369,916
Grants	-	720,763	-	720,763
Special events revenue	-	228,174	-	228,174
Interest and dividend income	501	146,527	-	147,028
Realized capital gains	-	137,293	46,313	183,606
Unrealized capital gains	-	158,262	49,112	207,374
Net assets released from restriction	<u>1,029,129</u>	<u>(1,029,129)</u>	<u>-</u>	<u>-</u>
 Total revenues, gains and other support	 <u>1,068,541</u>	 <u>640,867</u>	 <u>147,453</u>	 <u>1,856,861</u>
 Expenses:				
Program services:				
Scholarships	150,003	-	-	150,003
Educational development expense	753,304	-	-	753,304
Total program services	903,307	-	-	903,307
Special events expense	124,379	-	-	124,379
Administration and general expenses	34,859	-	-	34,859
 Total expenses	 <u>1,062,545</u>	 <u>-</u>	 <u>-</u>	 <u>1,062,545</u>
 Change in net assets	 5,996	 640,867	 147,453	 794,316
 Net assets - beginning of year	 <u>15,581</u>	 <u>3,771,998</u>	 <u>1,297,590</u>	 <u>5,085,169</u>
 Net assets - end of year	 <u>\$ 21,577</u>	 <u>\$ 4,412,865</u>	 <u>\$ 1,445,043</u>	 <u>\$ 5,879,485</u>

The accompanying notes are an integral part of these financial statements

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Statement of Activities (Continued)

For the years ended June 30, 1999 and 1998

	1998			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Contributions	\$ 9,547	\$ 387,351	\$ 158,004	\$ 554,902
Grants	-	417,890	-	417,890
Special events revenue	-	167,675	-	167,675
Interest and dividend income	53	135,360	-	135,413
Realized capital gains	-	121,040	45,342	166,382
Unrealized capital gains	-	357,442	129,371	486,813
Net assets released from restriction	<u>602,536</u>	<u>(602,536)</u>	<u>-</u>	<u>-</u>
 Total revenues, gains and other support	 <u>612,136</u>	 <u>984,222</u>	 <u>332,717</u>	 <u>1,929,075</u>
 Expenses:				
Program services:				
Scholarships	43,897	-	-	43,897
Educational development expense	<u>435,475</u>	<u>-</u>	<u>-</u>	<u>435,475</u>
Total program services	479,372	-	-	479,372
Special events expense	109,714	-	-	109,714
Administration and general expenses	<u>16,346</u>	<u>-</u>	<u>-</u>	<u>16,346</u>
 Total expenses	 <u>605,432</u>	 <u>-</u>	 <u>-</u>	 <u>605,432</u>
 Change in net assets	 6,704	 984,222	 332,717	 1,323,643
 Net assets - beginning of year (as restated)	 <u>8,877</u>	 <u>2,787,776</u>	 <u>964,873</u>	 <u>3,761,526</u>
 Net assets - end of year	 <u>\$ 15,581</u>	 <u>\$ 3,771,998</u>	 <u>\$ 1,297,590</u>	 <u>\$ 5,085,169</u>

The accompanying notes are an integral part of these financial statements

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Statement of Cash Flows

For the years ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Change in net assets	\$ 794,316	\$ 1,323,643
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on sale of investments	(183,606)	(166,382)
Net unrealized gain on investments	(207,374)	(486,813)
Decrease in pledges receivable	23,410	31,485
(Increase) decrease in due from related party	(44,697)	20,910
Increase (decrease) in due to related party	<u>18,888</u>	<u>(29,935)</u>
Cash provided by operating activities	400,937	692,908
Cash flows from investing activities:		
Purchase of investments	(1,231,879)	(954,517)
Proceeds from sale of investments	<u>878,856</u>	<u>514,441</u>
Cash used by investing activities	(353,023)	(440,076)
Increase in cash and cash equivalents	47,914	252,832
Cash and cash equivalents at beginning of year	<u>799,560</u>	<u>546,728</u>
Cash and cash equivalents at end of year	\$ <u>847,474</u>	\$ <u>799,560</u>

The accompanying notes are an integral part of these financial statements

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 1999 and 1998

Note 1: Summary of Significant Accounting Policies

Nature of Organization and Operation

The Cuyahoga Community College Foundation (the Foundation) was incorporated in August 1973 as a non-profit corporation under Section 501(c)(3) of the Internal Revenue code for the purpose of collecting donations from individuals, corporations and foundations to be distributed as scholarships to persons attending Cuyahoga Community College (the College), and to be used for other purposes benefiting the College. The Foundation is classified as other than a private foundation by the Internal Revenue Service.

Revenue Recognition

In accordance with professional accounting standards, the Foundation is required to recognize unconditional promises to give as revenue in the current period. If there are no donor-imposed restrictions on the use of funds, then the revenue is to be classified as unrestricted. If a donor-imposed restriction exists, then it must be determined if it is a temporary or permanent restriction and it must be classified accordingly in the financial statements. A donor-imposed restriction is present when the contributors of funds designate a specific purpose or time period in which the funds may be used. At the time the donor-imposed restriction is satisfied, the funds are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions.

If a donor-imposed condition exists, then revenue recognition is made when the conditions are substantially met. A donor-imposed condition as defined by SFAS No. 116 exists when a "condition on a transfer of assets or a promise to give specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets transferred or releases the promisor from its obligation to transfer assets promised." When the conditions are substantially met, revenue is recognized as unrestricted support.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 1999 and 1998

Note 1: Nature of Organization and Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

The Foundation's investments are stated at fair value. Shares of registered investment companies are value at quoted market prices, which represent the net asset value of shares held by the Foundation at year-end. Securities traded on national securities exchanges are valued at the last reported sale price on the last business day of the year. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Contributed Services

The Foundation recognizes contributed services received from the College when those services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. The Foundation recognized \$32,550 worth of contributed services relating to individuals providing specialized skills that would have been purchased if not donated as of June 30, 1999, but did not recognize revenue for any such services for the year ended June 30, 1998.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual method of accounting. In accordance with professional accounting standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. 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 restrictions.

Temporarily Restricted Net Assets - Net assets for use as scholarships or educational development programs, subject to donor-imposed restrictions that can be met by either actions of the Foundation and/or the passage of time. When a restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The amount of temporarily restricted net assets at June 30, 1999 and 1998 was \$4,412,865 and \$3,771,998, respectively.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained by the Foundation in perpetuity. The donors of these assets permit the Foundation to use all of the income earned on any related investments for scholarships, however the donor agreement does stipulate that realized capital gains be held in perpetuity. The amount of permanently restricted net assets at June 30, 1999 and 1998 was \$1,445,043 and \$1,297,590, respectively.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 1999 and 1998

Note 2: Restatement of the Net Assets

As permitted by SFAS No. 116, the Foundation opted to restate net assets as of June 30, 1997 for the cumulative effect of the adopting the statement. The net effect to the Foundation's net asset balance was an increase of \$63,430.

Due to the above changes in accounting principle, the Foundation has restated net assets for the year ended June 30, 1997 as follows:

Net assets, originally reported at June 30, 1997	\$ 3,698,096
Adjustments due to the adoption of SFAS No. 116:	
Record pledges receivable	118,514
Record liability due to the College	<u>(55,084)</u>
Net assets, restated at June 30, 1997	\$ <u>3,761,526</u>

Note 3: Pledges Receivable

Donors to the Foundation have made written promises to give totaling \$190,000, of which \$63,623 is outstanding at June 30, 1999. Pledges are discounted to their present value assuming their respective terms, and a discount rate of 5.5% compounded annually. The discounted pledges are scheduled to be collected as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Less than one year	\$ -	\$ 17,501	\$ 26,055	\$ 43,556
One year	<u>-</u>	<u>9,478</u>	<u>10,589</u>	<u>20,067</u>
Total	\$ <u>-</u>	\$ <u>26,979</u>	\$ <u>36,644</u>	\$ <u>63,623</u>

Note 4: Investments

In accordance with professional standards, the Foundation reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets shown in the statement of activities.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 1999 and 1998

Note 4: Investments (Continued)

Investments are stated at fair value at June 30, 1999 and 1998, and consist of common stock, government and corporate bonds and mutual funds.

	1999		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Common Stock	\$ 1,762,531	\$ 3,011,727	\$ 1,249,196
U. S. Government Bonds	821,846	833,642	11,796
Corporate Bonds	850,178	823,123	(27,055)
Mutual Funds	11,937	11,824	(113)
	\$ 3,446,492	\$ 4,680,316	\$ 1,233,824
	1998		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Common Stock	\$ 1,620,376	\$ 2,628,999	\$ 1,008,623
U. S. Government Bonds	820,401	847,378	26,977
Corporate Bonds	578,619	577,371	(1,248)
Mutual Funds	100,000	101,576	1,576
	\$ 3,119,396	\$ 4,115,324	\$ 1,035,928

The Foundation had \$207,374 and \$486,813 in net unrealized gains for the years ended June 30, 1999 and 1998, respectively.

Note 5: Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Accordingly, money market funds at June 30, 1999 and 1998 of \$805,081 and \$712,330, respectively, are included in cash and cash equivalents reported on the statement of position.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 1999 and 1998

Note 6: Related Party Transactions

The Foundation scholarships are awarded by the College. The Foundation received on behalf of the College grants totaling \$720,763 and \$417,890 in fiscal years 1999 and 1998, respectively, and made promises to give these monies to the College for educational development programs. Outstanding promises to give made to the College was \$44,037 and \$25,149 at June 30, 1999 and 1998, respectively.

The College, on behalf of the Foundation, collects special events parking revenue and other special events revenue during the year, of which \$60,842 and \$16,145 is due the Foundation as of June 30, 1999 and 1998, respectively.

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors
Cuyahoga Community College Foundation

We have audited the financial statements of Cuyahoga Community College Foundation as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 Cuyahoga 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 Cuyahoga 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Cuyahoga Community College Foundation in a separate letter dated December 3, 1999.

This report is intended for the information of the board of trustees, management, and Jim Petro, Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi Inc

Cleveland, Ohio
December 3, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CUYAHOGA COMMUNITY COLLEGE FOUNDATION
CUYAHOGA 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.

By: Susan Babbitt

Date: APRIL 4, 2000