

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

**Financial Statements
June 30, 2005**

With

Independent Auditors' Report

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS



**Auditor of State
Betty Montgomery**

Board of Trustees
Columbus State Community College Development Foundation, Inc.
550 East Spring Street
Columbus, Ohio 43216

We have reviewed the *Independent Auditor's Report* of the Columbus State Community College Development, Inc., Franklin County, prepared by Parns & Company, LLC, for the audit period July 1, 2004 through June 30, 2005. 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 Columbus State Community College Development Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 22, 2005

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COLUMBUS STATE COMMUNITY COLLEGE

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Independent Auditors' Report

Board of Directors
Columbus State Community College
Development Foundation, Inc.
Columbus, Ohio

We have audited the accompanying statement of financial position of Columbus State Community College Development Foundation, (the Foundation), a component unit of Columbus State Community College as of June 30, 2005, and the related statements of activities and cash flows for the year 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 audit.

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. 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 Columbus State Community College Development Foundation, Inc. as of June 30, 2005, and the results of its operations and cash flows for the year 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 October 14, 2005, 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 grants. 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 read in conjunction with this report in considering the results of our audit.

Parms & Company, LLC

Columbus, Ohio
October 14, 2005

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statement of Net Assets
June 30, 2005**

ASSETS

Cash	\$ 317,849
Investments	3,436,762
Pledges receivable	580,443
Student loans receivable, net of allowance of \$12,170	<u>1,297</u>
Total assets	<u><u>\$ 4,336,351</u></u>

LIABILITIES AND NET ASSETS

Trade Payables	\$ 4,860
Due Columbus State Community College	<u>20,000</u>
Total liabilities	24,860

NET ASSETS

Unrestricted	132,780
Temporarily restricted	1,350,504
Permanently restricted	<u>2,828,207</u>
Total net assets	<u><u>\$ 4,311,491</u></u>

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statement of Activities
For the Year Ended June 30, 2005**

	2005			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT:				
Contributions	\$ 412,790	635,114	282,010	\$ 1,329,914
Investment income:				
Interest				
Net realized gain (loss) on investments	(8,293)	479,524	-	471,231
Net unrealized gain (loss) on	30,716	(409,215)	-	(378,499)
Miscellaneous				
Net assets released from restrictions:				
Satisfaction of program restrictions	582,103	(582,103)	-	-
Total revenue and support	<u>1,017,316</u>	<u>123,320</u>	<u>282,010</u>	<u>1,422,646</u>
EXPENSES:				
Scholarships	582,103	-	-	582,103
Management and general	345,603	-	-	345,603
Total expenses	<u>927,706</u>	<u>-</u>	<u>-</u>	<u>927,706</u>
CHANGE IN NET ASSETS	89,610	123,320	282,010	494,940
Other changes in net assets				
Transfer of earnings	(201,780)	201,780	-	-
Transfer per donors request	38,730	(15,000)	(23,730)	-
NET ASSETS				
Beginning of year	206,220	1,040,404	2,569,927	3,816,551
End of year	<u>\$ 132,780</u>	<u>1,350,504</u>	<u>2,828,207</u>	<u>\$ 4,311,491</u>

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended June 30, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 494,940
Adjustments to reconcile change in net assets to net cash used by operating activities	
Net unrealized loss on investments	378,499
Effects of changes in assets and liabilities:	
Increase in pledges receivable	(562,066)
Increase in accounts payable	<u>6,340</u>
Net cash provided by operating activities	317,713

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(449,443)</u>
NET DECREASE IN CASH	(131,730)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>449,579</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 317,849</u></u>

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

Notes to the Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies:

The financial statements of Columbus State Community College Development Foundation, Inc. (the Foundation) have been prepared on the accrual basis of accounting. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization

Columbus State Community College Development Foundation, Inc. is a not-for-profit Ohio corporation formed in 1982. It is considered to be a component unit of Columbus State Community College (the College). The Foundation is organized and operated exclusively to generate, receive, hold, invest, manage and allocate funds and property for the advancement, achievement, and support of the educational programs of the Columbus State Community College, the beneficiaries being its students and community. Columbus State Community College provides administrative services on behalf of the Foundation.

Financial statement presentation

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statement of Not-For-Profit Organizations.*" Under SFAS No. 117, 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.

Cash

For purposes of the statements of cash flows, the Foundation considers all demand bank deposits as cash. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue

The Foundation reports contributions as restricted if they are received with donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Income

The facilities occupied by the Foundation are provided by Columbus State Community College. In addition, the College assists the Foundation in fund raising, gift processing and accounting. The value of the office space and services provided constitutes additional in-kind income to the Foundation that is not recorded.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

Notes to the Financial Statements

June 30, 2005

Investments

Realized and unrealized gains and losses are reported in the statement of activities. Market value is determined by market quotations. Donated investments are recorded at the fair value at the time received.

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 at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Cash:

The Foundation maintains its cash account with Huntington National Bank. The account is consolidated with the College's other cash funds and available balances are daily swept to a concentration account and invested in an overnight repurchase agreement. The College's consolidated cash is insured by the FDIC up to \$100,000. The funds invested in overnight investments are subject to a collateral agreement covering all public funds held by the bank. As of June 30, 2005, the Foundation had a balance per bank of \$451,616, the difference between bank balance and carrying value represent normal reconciling items. The bank balance of \$451,616 was a part of the funds invested by the College in an overnight repurchase agreement, as of June 30, 2005.

Note 3 - Investments:

The following summarizes investment values at June 30, 2005:

	<u>Cost</u>	<u>Market</u>
Cash	\$ 22,964	\$ 22,964
Fixed Income Securities	1,374,544	1,401,250
Equity Securities	<u>1,987,349</u>	<u>2,012,548</u>
	\$ <u>3,384,857</u>	\$ <u>3,436,762</u>

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

Notes to the Financial Statements
June 30, 2005

Note 4 - Promises to Give:

Unconditional promises to give consist of the following as of June 30, 2005:

Support What Works Campaign	\$600,000
Annual Pledges	13,750
Less: Discounts and allowance for uncollectible pledges	<u>(33,307)</u>
Unconditional promises to give, net	<u>\$580,443</u>

	<u>Gross Amount</u>	<u>Allowance/ Discount</u>	<u>Net Amount</u>
Amounts due to be received in:			
Less than one year	\$ 133,750	-	\$ 133,750
One to five years	<u>480,000</u>	<u>(33,307)</u>	<u>446,693</u>
Total	<u>\$ 613,750</u>	<u>(33,307)</u>	<u>\$ 580,443</u>

During the year the Foundation began soliciting contributions for a major gifts campaign. As of June 30, 2005, management estimates that all promises to give ultimately will be collectible. Due to uncertainties about future events, management's estimate of uncollectible promises to give may subsequently change, although the amount of such a change cannot be estimated. Discounts applied to promises to give total \$33,307.

Note 5 - Net Assets:

The following summarizes the purposes and restrictions of the funds:

Unrestricted net assets:

Undesignated:

To provide for students' needs other than for scholarships. The funds are derived from interest from the Unrestricted Scholarship Fund and from donations.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

Notes to the Financial Statements
June 30, 2005

Note 5 - Net Assets: (continued)

Temporarily restricted net assets:

Funds established support specific projects of Columbus State Community College or provide scholarships based on individual fund criteria to Columbus State Community College students.

<u>Fund/Nature of Restriction</u>	
Academia Nuts – Art Supplies	\$ 1,245
Aviation Maintenance	480
Bob Evans – Scholarships, Team Competition and Equipment	54,597
Capital Equipment	67,885
Columbus Edge University – K-12 and Workforce Development Program	36,000
Community Outreach – Workforce Development Program	5,268
Diversity Enhancement – Diversity Programs and Workforce Development	45,000
Eischen/Reliastar – Business and Industry Programs and Special Purchases	3,917
First Tee of Columbus – Grants for First Tee Program	9,000
First Tee General Support – General Program Support	6,435
Hospitality Management Team Competition – Student Competition	3,223
Huntington Lecture Series	99,962
Kids in College – Summer K – 12 Program	29,861
Ohio Children’s Foundation – CDC Playground	45,000
Raymon Mason Foundation – Grants for Programs and Language Institute	7,940
Various Scholarship Funds	<u>934,691</u>
Total Temporarily Restricted Net Assets	<u>\$1,350,504</u>

Permanently restricted net assets:

The following represents endowed funds at June 30:

<u>Fund/Nature of Restriction</u>	
Mary Babcock Endowed Fund – Development Foundation Support	\$ 250,000
SEM Title III – Enrollment Management Project Support	289,698
Worthington Special Project Endowed Fund – Campus Project Support	10,000
Various Endowed Scholarship Funds	<u>2,278,509</u>
Total Permanently Restricted Net Assets	<u>\$2,828,207</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Columbus State Community College
Development Foundation, Inc.
Columbus, Ohio

We have audited the financial statements of Columbus State Community College Development Foundation (the Foundation), a component unit of Columbus State Community College, as of and for the year ended June 30, 2005, and have issued our report thereon dated October 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 caused by error or fraud 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.

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 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*.

However, we noted certain matters involving the internal control over financial reporting, which we have reported to management of the Foundation in a separate letter dated October 14, 2005.

This report is intended solely for the use of the audit committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Farms & Company, LLC

October 14, 2005
Columbus, Ohio



**Auditor of State
Betty Montgomery**

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COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

FRANKLIN 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 30, 2005**