

**CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION**

FINANCIAL STATEMENTS

June 30, 2009 and 2008



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 *Report of Independent Auditors* of the Cincinnati State and Technical Community College Foundation, Hamilton County, prepared by Crowe Horwath LLP, for the audit period July 1, 2008 through June 30, 2009. 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

October 30, 2009

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CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION
Cincinnati, Ohio

FINANCIAL STATEMENTS
June 30, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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 October 16, 2009, 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.


Crowe Horwath LLP

Columbus, Ohio
October 16, 2009

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 992,301	\$ 1,136,946
Investments	1,623,727	2,287,562
Pledges receivable, net	10,555	14,674
Interest income receivable	168	1,467
Other receivable	<u>-</u>	<u>34,019</u>
Total assets	<u>\$ 2,626,751</u>	<u>\$ 3,474,668</u>
LIABILITIES AND NET ASSETS		
Accounts payable	<u>\$ 353,610</u>	<u>\$ 421,850</u>
Net assets		
Unrestricted	152,087	577,025
Temporarily restricted	798,077	1,169,009
Permanently restricted	<u>1,322,977</u>	<u>1,306,784</u>
Total net assets	<u>2,273,141</u>	<u>3,052,818</u>
Total liabilities and net assets	<u>\$ 2,626,751</u>	<u>\$ 3,474,668</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES

Year ended June 30, 2009 with comparative 2008 totals

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2009</u> <u>Total</u>	<u>2008</u> <u>Total</u>
Support and revenue					
Contributions	\$ 25,461	\$ 637,386	\$ 16,193	\$ 679,040	\$ 1,019,531
Interest and dividend income, net	93,144	-	-	93,144	196,419
Unrealized and realized gain on investments	(605,936)	-	-	(605,936)	(236,173)
Net assets released from restriction	<u>1,008,318</u>	<u>(1,008,318)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>520,987</u>	<u>(370,932)</u>	<u>16,193</u>	<u>166,248</u>	<u>979,777</u>
Expenses					
General operating expenses and support	123,134	-	-	123,134	96,161
Student scholarships, financial aid and educational program funding	<u>822,791</u>	<u>-</u>	<u>-</u>	<u>822,791</u>	<u>932,461</u>
Total expenses	<u>945,925</u>	<u>-</u>	<u>-</u>	<u>945,925</u>	<u>1,028,622</u>
Change in net assets	(424,938)	(370,932)	16,193	(779,677)	(48,845)
Net assets, beginning of year	<u>577,025</u>	<u>1,169,009</u>	<u>1,306,784</u>	<u>3,052,818</u>	<u>3,101,663</u>
Net assets, end of year	<u>\$ 152,087</u>	<u>\$ 798,077</u>	<u>\$ 1,322,977</u>	<u>\$ 2,273,141</u>	<u>\$ 3,052,818</u>

See accompanying notes to financial statements.

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

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Support and revenue				
Contributions	\$ 37,310	\$ 970,862	\$ 11,359	\$ 1,019,531
Interest and dividend income, net	196,419	-	-	196,419
Unrealized and realized gain on investments	(236,173)	-	-	(236,173)
Net assets released from restriction	<u>884,734</u>	<u>(884,734)</u>	<u>-</u>	<u>-</u>
Total support and revenue	882,290	86,128	11,359	979,777
Expenses				
General operating expenses and support	96,161	-	-	96,161
Student scholarships, financial aid and educational program funding	<u>932,461</u>	<u>-</u>	<u>-</u>	<u>932,461</u>
Total expenses	<u>1,028,622</u>	<u>-</u>	<u>-</u>	<u>1,028,622</u>
Change in net assets	(146,332)	86,128	11,359	(48,845)
Net assets, beginning of year	<u>723,357</u>	<u>1,082,881</u>	<u>1,295,425</u>	<u>3,101,663</u>
Net assets, end of year	<u>\$ 577,025</u>	<u>\$ 1,169,009</u>	<u>\$ 1,306,784</u>	<u>\$ 3,052,818</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (779,677)	\$ (48,845)
Adjustments to reconcile changes in net assets to net cash from operating activities		
Contributions permanently restricted for endowment	(16,193)	(11,359)
Net realized and unrealized loss on investments	605,936	236,173
Change in assets and liabilities		
Pledges receivable	4,118	4,931
Other receivables	35,319	131,291
Accounts payable	<u>(68,240)</u>	<u>362,930</u>
Net cash from operating activities	<u>(218,737)</u>	<u>675,121</u>
 Cash flows from investing activities		
Proceeds from sale of investments	1,114,440	1,157,166
Purchase of investments	<u>(1,056,541)</u>	<u>(1,339,109)</u>
 Net cash from investing activities	<u>57,899</u>	<u>(181,943)</u>
 Cash flows from financing activities		
Contributions permanently restricted for endowment	<u>16,193</u>	<u>11,359</u>
Net cash from financing activities	<u>16,193</u>	<u>11,359</u>
 Net change in cash and cash equivalents	(144,645)	504,537
 Cash and cash equivalents, beginning of year	<u>1,136,946</u>	<u>632,409</u>
 Cash and cash equivalents, end of year	<u><u>\$ 992,301</u></u>	<u><u>\$ 1,136,946</u></u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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.

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.

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 \$250,000 for the year ended June 30, 2009 and up to \$100,000 for the year ended 2008. At various times throughout the fiscal year, the Foundation had in excess of \$250,000 on deposit.

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.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 - 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. The primary purpose of temporarily restricted net assets is to support the College for scholarships and student financial aid.

Permanently Restricted Endowment Net Assets:

Endowment net assets are subject to the restrictions of gift instruments requiring in perpetuity that the principal 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, 2009 and 2008

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial Accounting Standards Board ("FASB") interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, ("FIN 48"), issued in July, 2006 was effective as of January 1, 2007. The Foundation has elected to defer adoption of FIN 48 in accordance with the provisions of FASB Staff Position No. 48-3, which permits certain non-public enterprises to delay adoption until fiscal years beginning after December 15, 2008. Currently, the Foundation accounts for contingencies associated with uncertain tax positions in accordance with SFAS No. 5, *Accounting for Contingencies*, which provides the recording of a contingency based on the probability of certain events to transpire that range from probable to remote as opposed to applying a more-likely-than-not recognition threshold.

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.

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 policies, and related investment policies. FSP 117-1 is effective for all fiscal years ending after December 15, 2008.

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. These reclassifications had no impact to the change in net assets or total net assets.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2009 to determine the need for any adjustments or disclosures within the audited financial statements for the year ended June 30, 2009. Management has performed their analysis through October 16, 2009.

NOTE 3 - 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 due at June 30th are as follows:

	<u>2009</u>	<u>2008</u>
One year or less	\$ 8,316	\$ 9,244
Between one and five years	1,883	4,823
Longer than five years	<u>865</u>	<u>1,116</u>
	11,064	15,183
Discounts and allowance	<u>509</u>	<u>509</u>
Net pledges receivable	<u>\$ 10,555</u>	<u>\$ 14,674</u>

NOTE 4 - FAIR VALUE

The fair value of investments held by the Foundation at June 30, 2009 and 2008 is summarized as follows:

	<u>2009</u>	<u>2008</u>
Money market accounts	\$ 72,975	\$ 178,433
Equities	-	302,010
Mutual fund - fixed income	761,582	885,488
Mutual fund -equity	<u>789,170</u>	<u>921,631</u>
Total	<u>\$ 1,623,727</u>	<u>\$ 2,287,562</u>

(Continued)

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

NOTE 4 - FAIR VALUE (Continued)

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets Measured on a Recurring Basis:

	Fair Value Measurements at June 30, 2009 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 35,220	\$ 37,755	\$ -
Mutual funds	1,550,752	-	-

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 5 - ENDOWMENT COMPOSITION

The Foundation's endowment primarily consists of investments held at Merrill Lynch. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor restricted endowment funds	\$ (418,982)	\$ 666,034	\$ 1,322,977	\$ 1,570,029
Quasi-endowment	53,698			53,698
Total funds	<u>\$ (365,284)</u>	<u>\$ 666,034</u>	<u>\$ 1,322,977</u>	<u>\$ 1,623,727</u>

Changes in endowment net assets for year ended June 30, 2009.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ 326,568	\$ 654,210	\$ 1,306,784	\$ 2,287,562
Net appreciation (realized and unrealized gains/losses)	(534,001)			(534,001)
Contributions			16,193	16,193
Reclassification for UPMIFA	(11,824)	11,824		
Appropriation of endowment assets for expenditure	<u>(146,027)</u>			<u>(146,027)</u>
Net assets, end of year	<u>\$ (365,284)</u>	<u>\$ 666,034</u>	<u>\$ 1,332,977</u>	<u>\$ 1,623,727</u>

Endowment net asset composition by type of fund as of June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor restricted endowment funds	\$ 158,157	\$ 654,210	\$ 1,306,784	\$ 2,119,151
Quasi-endowment	168,411			168,411
Total funds	<u>\$ 326,568</u>	<u>\$ 654,210</u>	<u>\$ 1,306,784</u>	<u>\$ 2,287,562</u>

(Continued)

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 5 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended June 30, 2008.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ 374,088	\$ 672,281	\$ 1,295,425	\$ 2,341,794
Net appreciation (realized and unrealized gains/losses)	(73,051)			(73,051)
Contributions	66,380		11,359	77,739
Appropriation of endowment assets for expenditure	<u>(40,849)</u>	<u>(18,071)</u>	<u> </u>	<u>(58,920)</u>
Net assets, end of year	<u>\$ 326,568</u>	<u>\$ 654,210</u>	<u>\$ 1,306,784</u>	<u>\$ 2,287,562</u>

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

(Continued)

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 5 - ENDOWMENT COMPOSITION (Continued)

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to maximize the total rate of return on investment within prudent parameters of risk of this type and in keeping with liquidity requirements as they relate to life income gifts.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop significant sources of revenue for the Foundation. In so doing, the Endowment Fund will enhance the ability of the Foundation to meet ongoing and changing needs in both the short and long-term.

To assist in achieving these objectives, the Foundation has established a Spending Policy that provides the criteria for annual distributions from the Endowment Fund. Each year, distributions will be limited to 5% of the average market value of the Endowment Fund balance over the previous twenty quarters. Within these parameters, the amount of the disbursement shall be determined annually by the Board of Directors, who may also elect to take no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled \$418,982 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations.

Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations.

**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 Directors
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, 2009, 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.

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.

(Continued)

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*.

We noted certain matters that we reported to management of the Foundation in a separate letter dated October 16, 2009.

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


Crowe Horwath LLP

Columbus, Ohio
October 16, 2009



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
NOVEMBER 12, 2009**