

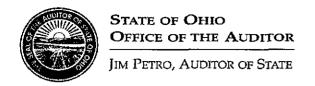
Financial Statements

June 30, 1999 and 1998

(With Independent Auditors' Report Thereon)

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The Board of Directors Owens State Community College Foundation

We have reviewed the Independent Auditor's Report of the Owens State Community College Foundation, Wood County, prepared by KPMG, for the audit period July 1, 1997 through 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 Owens State Community College Foundation is responsible for compliance with these laws and regulations.

Auditor of State

April 13, 2000



Suite 1200 150 West Jefferson Detroit, MI 48226-4429

### **Independent Auditors' Report**

The Board of Directors
Owens State Community College Foundation:

We have audited the accompanying statements of financial position of Owens State Community College Foundation (the 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 management of the Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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, 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.

KPMG LLP

September 7, 1999

### Statements of Financial Position

### June 30, 1999 and 1998

Assets		1999	1998
Cash and cash equivalents	\$	233,205	209,101
Investments (note 3)		403,532	372,730
Due from Owens Community College (note 5)		6,917	· · · <del></del>
Pledges receivable (less allowance for doubtful accounts of			_
\$20,500 and \$14,000 in 1999 and 1998, respectively)		21,500	68,828
Land	-	68,806	68,806
Total assets	\$ .	733,960	719,465
Liabilities and Net Assets			
Due to Owens Community College (note 5)	\$	<del></del> .	1,881
Accounts payable			7,192
Scholarship commitments (note 4)	-	12,275	8,550
Total liabilities		12,275	17,623
Net assets:			
Unrestricted		222,434	232,879
Temporarily restricted (note 6)		249,577	249,940
Permanently restricted (note 6)	-	249,674	219,023
Total net assets		721,685	701,842
Total liabilities and net assets	\$	733,960	719,465

### Statement of Activities

Year ended June 30, 1999

	Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenue and support:			-	
Investment income:				
Interest and dividend income Unrealized gain (loss) on	\$ 11,087	13,675	_	24,762
investments	(186)	13,560		13,374
Donations received	` 13	71,124	30,651	101,788
Special event revenue (net of direct		-		
expense of \$5,302)	_	10,151	· —	10,151
Revenue released from restrictions	108,873	(108,873)		
Total revenue and support	119,787	(363)	30,651	150,075
Expenses:				
Program services:				
Scholarships	68,325			68,325
Library grant	35,000	_		35,000
Equipment grant	4,853			4,853
Other program services	8,836			8,836
Total program services	117,014		<del>_</del>	117,014
Management and general	13,218			13,218
Total expenses	130,232			130,232
Change in net assets	(10,445)	(363)	30,651	19,843
Net assets - beginning of year	232,879	249,940	219,023	701,842
Net assets - end of year	\$ 222,434	249,577	249,674	721,685

Statement of Activities

Year ended June 30, 1998

	Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenue and support:				
Investment income:				
Interest and dividend income	\$ 14,250	11,530	80	25,860
Unrealized gain on investments	710	31,500		32,210
Donations received	3,418	87,692	39,110	130,220
Special event revenue (net of direct		-		
expense of \$5,302)	<del>-</del>	9,575		9,575
Revenue released from restrictions	233,376	(233,376)	·	
Total revenue and support	251,754	(93,079)	39,190	197,865
Expenses:				
Program services:				
Scholarships	78,272		<del></del>	78,272
Library grant	72,000			72,000
Equipment grant	39,416			39,416
Other program services	61,030	<del></del>		61,030
Total program services	250,718	_		250,718
Management and general	32,048			32,048
Total expenses	282,766		<del>_</del> _	282,766
Change in net assets	(31,012)	(93,079)	39,190	(84,901)
Net assets – beginning of year	263,891	343,019	179,833	786,743
Net assets – end of year	\$ 232,879	249,940	219,023	701,842

### Statements of Cash Flows

### Years ended June 30, 1999 and 1998

	_	1999	1998
Cash flows from operating activities:			
Increase (decrease) in net assets	\$	19,843	(84,901)
Adjustments to reconcile increase (decrease) in net assets		•	` , ,
to net cash provided by (used in) operating activities:			
Unrealized gain on investments		(13,374)	(32,210)
Increase in due from Owens Community College		(6,917)	
Decrease in loans receivable		<del>-</del>	1,100
Decrease in pledges receivable		47,328	82,365
Decrease in due to Owens Community College		(1,881)	(11,730)
Increase in scholarship commitments		3,725	2,425
(Decrease) increase in accounts payable		(7,192)	272
Donations restricted for long-term endowment investment	_	(30,651)	(39,110)
Net cash provided by (used in) operating activities		10,881	(81,789)
Cash flows used in investing activities - purchase of investments		(17,428)	(17,168)
Cash flows provided by financing activities – proceeds from			
donations restricted for long-term endowment investment		30,651	39,110
Increase (decrease) in cash and cash equivalents		24,104	(59,847)
Cash and cash equivalents at beginning of year		209,101	268,948
Cash and cash equivalents at end of year	\$	233,205	209,101

#### Notes to Financial Statements

June 30, 1999 and 1998

### (1) Organization and Purpose

Effective July 1, 1996, pursuant to Chapter 3358 of the Ohio Revised Code, the trustees of Owens Community College (the College) terminated the Michael J. Owens Technical College Charitable Trust (the Trust). The assets of the Trust were transferred to the newly established Owens State Community College Foundation (the Foundation). The Foundation was established for the benefit of the College and its students.

### (2) Summary of Significant Accounting Policies

#### (a) Financial Statement Presentation

The Foundation's financial statements are prepared using the accrual basis of accounting, in accordance with generally accepted accounting principles.

### (b) Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. 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 stipulations.
- Temporarily restricted net assets Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.
- Permanently restricted net assets Net assets subject to donor-imposed stipulations to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

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 (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

### (c) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers cash in bank, time deposits, and highly liquid debt instruments with maturities of three months or less when purchased to be cash and cash equivalents.

### Notes to Financial Statements

June 30, 1999 and 1998

#### (d) Investments

Investments are recorded at fair value based on quoted market prices and consist of certificates of deposit with maturities in excess of three months and marketable securities. Investment income is recognized as earned.

### (e) Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

### (f) Land

Land is stated at cost of the property, which approximates fair market value.

### (g) Income Taxes

The Internal Revenue Service, in a letter dated September 29, 1997, determined that the Foundation was exempt from Federal income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code.

### (h) Use of Estimates

Management of the Foundation has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

### (3) Investments

Investments at June 30, 1999, by major security type, were as follows:

	Cost	value
Marketable securities Long-term certificates of deposit	\$ 10,454 326,888	76,644 326,888
Total investments	\$ 337,342	403,532

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#### Notes to Financial Statements

June 30, 1999 and 1998

Investments at June 30, 1998, by major security type, were as follows:

	Cost	Fair value
Marketable securities Long-term certificates of deposit	\$ 10,454 309,459	63,271 309,459
Total investments	\$ <u>319,913</u>	372,730

### (4) Commitments

The Foundation has outstanding commitments of approximately \$12,275 and \$8,550 at June 30, 1999 and 1998, respectively, to fund educational scholarships through fiscal year 1999. Such commitments are conditional upon the recipients' maintaining, among other things, a minimum number of credit hours.

### (5) Related Party Transactions

Expenses incurred on behalf of the College were \$117,014 and \$191,171 for fiscal years 1999 and 1998, respectively. In some instances, the College may accept deposit of donations for initially incurring the expense for a project and then reimburse or request reimbursement by the Foundation. At June 30, 1999, the net amount the Foundation requested to be reimbursed by the College was \$6,917. At June 30, 1998, the net amount the College requested to be reimbursed by the Foundation was \$1,881.

### (6) Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	1999	1998
Gifts and other unexpended revenues available for: Library campaign Other supplies and equipment Scholarships Student loans	\$ 33,227 83,996 128,175 4,179	74,652 67,019 104,090 4,179
	\$ 249,577	249,940

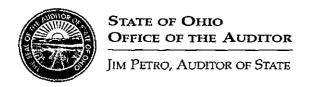
### Notes to Financial Statements

June 30, 1999 and 1998

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	1999	1998
Library campaign Other supplies and equipment Scholarships	\$ 35,000 20,433 53,440	72,000 106,789 54,587
	\$ 108,873	233,376

Permanently restricted net assets consist of endowment funds. In certain cases, the donors of these funds have restricted the use of the income from such funds for scholarships. These expenses are reflected in the appropriate program services category on the statement of activities.



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# OWENS STATE COMMUNITY COLLEGE FOUNDATION WOOD 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: MAY 2, 2000