

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Financial Statements

June 30, 2000 and 1999

(With Independent Auditors' Report Thereon)



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 LLP, for the audit period July 1, 1999 to June 30, 2000. 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.

JIM PETRO
Auditor of State

January 24, 2001

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

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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, 2000 and 1999 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 auditing standards generally accepted in the United States of America. 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, 2000 and 1999, 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.

KPMG LLP

October 27, 2000

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statements of Financial Position

June 30, 2000 and 1999

Assets	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 269,309	233,205
Investments (note 3)	441,215	403,532
Due from Owens Community College (note 5)	—	6,917
Pledges receivable (less allowance for doubtful accounts of \$20,500 in 2000 and 1999)	5,000	21,500
Land	<u>68,806</u>	<u>68,806</u>
Total assets	<u>\$ 784,330</u>	<u>733,960</u>
Liabilities and Net Assets		
Due to Owens Community College (note 5)	\$ 11,275	—
Scholarship commitments (note 4)	<u>—</u>	<u>12,275</u>
Total liabilities	<u>11,275</u>	<u>12,275</u>
Net assets:		
Unrestricted	196,625	222,434
Temporarily restricted (note 6)	322,835	249,577
Permanently restricted (note 6)	<u>253,595</u>	<u>249,674</u>
Total net assets	<u>773,055</u>	<u>721,685</u>
Total liabilities and net assets	<u>\$ 784,330</u>	<u>733,960</u>

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statement of Activities

Year ended June 30, 2000

	Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenue and support:				
Investment income:				
Interest and dividend income	\$ 12,961	11,845	679	25,485
Unrealized gain (loss) on investments	(673)	20,880	—	20,207
Donations received	10,919	59,353	3,242	73,514
Special event revenue (net of direct expense of \$5,521)	—	10,298	—	10,298
Revenue released from restrictions	29,118	(29,118)	—	—
Total revenue and support	52,325	73,258	3,921	129,504
Expenses:				
Program services:				
Scholarships	33,752	—	—	33,752
Equipment grant	19,712	—	—	19,712
Other program services	4,533	—	—	4,533
Total program services	57,997	—	—	57,997
Management and general	20,137	—	—	20,137
Total expenses	78,134	—	—	78,134
Change in net assets	(25,809)	73,258	3,921	51,370
Net assets – beginning of year	222,434	249,577	249,674	721,685
Net assets – end of year	\$ 196,625	322,835	253,595	773,055

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statement of Activities

Year ended June 30, 1999

	Unrestricted	Temporarily restricted	Permanently restricted	Totals
Revenue and support:				
Investment income:				
Interest and dividend income	\$ 11,087	13,675	—	24,762
Unrealized gain (loss) on 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	—	—	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

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statements of Cash Flows

Years ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Increase in net assets	\$ 51,370	19,843
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(20,207)	(13,374)
Decrease (increase) in due from Owens Community College	6,917	(6,917)
Decrease in pledges receivable	16,500	47,328
Increase (decrease) in due to Owens Community College	11,275	(1,881)
(Decrease) increase in scholarship commitments	(12,275)	3,725
Decrease in accounts payable	—	(7,192)
Donations restricted for long-term endowment investment	<u>(3,242)</u>	<u>(30,651)</u>
Net cash provided by operating activities	50,338	10,881
Cash flows used in investing activities – purchase of investments	(17,476)	(17,428)
Cash flows provided by financing activities – proceeds from donations restricted for long-term endowment investment	<u>3,242</u>	<u>30,651</u>
Increase in cash and cash equivalents	36,104	24,104
Cash and cash equivalents at beginning of year	<u>233,205</u>	<u>209,101</u>
Cash and cash equivalents at end of year	<u>\$ 269,309</u>	<u>233,205</u>

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Notes to Financial Statements

June 30, 2000 and 1999

(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 accounting principles generally accepted in the United States of America.

(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.

**OWENS STATE COMMUNITY COLLEGE
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Notes to Financial Statements

June 30, 2000 and 1999

(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 accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(3) Investments

Investments at June 30, 2000, by major security type, were as follows:

		Cost	Fair value
Marketable securities	\$	10,454	96,851
Long-term certificates of deposit		344,364	344,364
Total investments	\$	354,818	441,215

**OWENS STATE COMMUNITY COLLEGE
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Notes to Financial Statements

June 30, 2000 and 1999

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

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

(4) Commitments

The Foundation has outstanding commitments of \$-0- and approximately \$12,275 at June 30, 2000 and 1999, respectively, to fund educational scholarships through fiscal year 2000. 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 \$57,997 and \$117,014 for fiscal years 2000 and 1999, 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, 2000, the net amount the Foundation requested to be reimbursed by the College was \$11,275. At June 30, 1999, the net amount the Foundation requested to be reimbursed by the College was \$6,917.

(6) Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	2000	1999
Gifts and other unexpended revenues available for:		
Library campaign	\$ 33,227	33,227
Other supplies and equipment	102,481	83,996
Scholarships	182,948	128,175
Student loans	4,179	4,179
	\$ 322,835	249,577

**OWENS STATE COMMUNITY COLLEGE
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Notes to Financial Statements

June 30, 2000 and 1999

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

	<u>2000</u>	<u>1999</u>
Library campaign	\$ —	35,000
Other supplies and equipment	17,866	20,433
Scholarships	<u>11,252</u>	<u>53,440</u>
	<u>\$ 29,118</u>	<u>108,873</u>

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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 6, 2001**