

Owens Community College Foundation

Financial Statements
June 30, 2004 and 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Owens Community College Foundation
P.O. Box 10000
Toledo, Ohio 43699-1947

We have reviewed the Independent Auditor's Report of the Owens Community College Foundation, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2003 to June 30, 2004. 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 Community College Foundation 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 2, 2004

This Page is Intentionally Left Blank.

Owens Community College Foundation

Contents

	Page
Independent Auditors' Report	1
Statement of Financial Position as of June 30, 2004 and 2003	2
Statements of Activities	
Year ended June 30, 2004	3
Year ended June 30, 2003	4
Statement of Cash Flows – Years Ended June 30, 2004 and 2003	5
Notes to Financial Statements	6-9
Report Letter on Compliance with Laws and Regulations and Internal Control – Basic Financial Statements	10



Plante & Moran, PLLC

3434 Granite Circle
P.O. Box 353090
Toledo, OH 43635-3090
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Independent Auditor's Report

Board of Trustees
Owens Community College Foundation

We have audited the accompanying statement of financial position of Owens Community College Foundation as of June 30, 2004 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. The financial statements of Owens Community College Foundation as of June 30, 2003, were audited by other auditors whose report dated September 17, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 Owens Community College Foundation as of June 30, 2004, 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 September 10, 2004 on our consideration of Owens Community College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 opinions 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.

Plante & Moran, PLLC

September 10, 2004

A member of



A worldwide association of independent accounting firms

Owens Community College Foundation

Statement of Financial Position

	June 30	
	2004	2003
Assets		
Cash and cash equivalents	\$ 194,128	\$ 396,414
Investments (Note 3)	1,077,958	582,234
Pledges receivable (Note 4)	48,277	57,268
Accounts receivable	-	1,356
Land	68,806	68,806
Total assets	<u>\$ 1,389,169</u>	<u>\$ 1,106,078</u>
Liabilities and Net Assets		
Liabilities		
Due to Owens State Community College	\$ 30,275	\$ 42,641
Deferred revenue	389	-
Funds in custody (Agency Funds)	55,641	24,499
Total liabilities	86,305	67,140
Net Assets (Note 6)		
Unrestricted	141,275	145,986
Temporarily restricted	462,709	344,441
Permanently restricted	698,880	548,511
Total net assets	1,302,864	1,038,938
Total liabilities and net assets	<u>\$ 1,389,169</u>	<u>\$ 1,106,078</u>

Owens Community College Foundation

Statement of Activities Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Revenue and Support				
Donations received	\$ 12,772	\$ 389,329	\$ 149,793	\$ 551,894
Investment income:				
Interest and dividend income	6,563	21,739	386	28,688
Unrealized gain on investments	-	73,292	-	73,292
Realized gain on investments	1,715	10,120	190	12,025
Other revenue	19,000	49,611	-	68,611
Revenue released from restrictions	<u>425,823</u>	<u>(425,823)</u>	<u>-</u>	<u>-</u>
Total revenue and support	465,873	118,268	150,369	734,510
Expenses				
Program services:				
Scholarships	69,860	-	-	69,860
Equipment grant	305,613	-	-	305,613
Outside grants expense	49,612	-	-	49,612
Other program services	<u>3,238</u>	<u>-</u>	<u>-</u>	<u>3,238</u>
Total program services	428,323	-	-	428,323
Management and general	<u>42,261</u>	<u>-</u>	<u>-</u>	<u>42,261</u>
Total expenses	<u>470,584</u>	<u>-</u>	<u>-</u>	<u>470,584</u>
Change in net assets	(4,711)	118,268	150,369	263,926
Net assets – Beginning of year	<u>145,986</u>	<u>344,441</u>	<u>548,511</u>	<u>1,038,938</u>
Net Assets – End of year	<u>\$ 141,275</u>	<u>\$ 462,709</u>	<u>\$ 698,880</u>	<u>\$ 1,302,864</u>

Owens Community College Foundation

Statement of Activities Year Ended June 30, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Support				
Donations received	\$ 15,692	\$ 63,908	\$ 200,092	\$ 279,692
Investment income:				
Interest and dividend income	6,898	5,709	192	12,799
Unrealized gain (loss) on investments	(1,243)	(39,439)	-	(40,682)
Realized gain (loss) on investments	1,124	87,353	(147)	88,330
Other revenue	15,000	-	-	15,000
Revenue released from restrictions	<u>88,379</u>	<u>(88,379)</u>	<u>-</u>	<u>-</u>
Total revenue and support	125,850	29,152	200,137	355,139
Expenses:				
Program services:				
Scholarships	69,575	-	-	69,575
Equipment grant	22,317	-	-	22,317
Other program services	<u>5,737</u>	<u>-</u>	<u>-</u>	<u>5,737</u>
Total program services	97,629	-	-	97,629
Management and general	<u>42,462</u>	<u>-</u>	<u>-</u>	<u>42,462</u>
Total expenses	<u>140,091</u>	<u>-</u>	<u>-</u>	<u>140,091</u>
Change in net assets	(14,241)	29,152	200,137	215,048
Net assets – Beginning of year	<u>160,227</u>	<u>315,289</u>	<u>348,374</u>	<u>823,890</u>
Net Assets – End of year	<u>\$ 145,986</u>	<u>\$ 344,441</u>	<u>\$ 548,511</u>	<u>\$ 1,038,938</u>

Owens Community College Foundation

Statement of Cash Flows

	Year Ended June 30	
	2004	2003
Cash Flows from Operating Activities		
Change in net assets	\$ 263,926	\$ 215,048
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gains) losses on investments	(73,292)	40,682
Net realized gains on investments	(12,025)	(88,330)
(Increase) decrease in pledges receivable	8,991	(42,700)
(Increase) decrease in accounts receivable	1,356	(1,356)
(Decrease) increase in due to Owens Community College	(12,366)	26,367
(Decrease) increase in deferred revenue	389	-
Increase in funds in custody (Agency Funds)	31,142	24,499
Donations restricted for long-term endowment investment	(149,793)	(200,092)
Net cash provided by (used in) operating activities	58,328	(25,882)
Cash Flows from Investing Activities		
Purchase of investments	(677,188)	(580,941)
Proceeds from the sale of investments	266,781	130,340
Net cash used in investing activities	(410,407)	(450,601)
Cash Flows from Financing Activities		
Proceeds from donations restricted for long-term endowment investment	149,793	200,092
Decrease in cash and cash equivalents	(202,286)	(276,391)
Cash and cash equivalents - Beginning of year	396,414	672,805
Cash and Cash Equivalents - End of year	<u>\$ 194,128</u>	<u>\$ 396,414</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2004 and 2003

(1) Organization and Purpose

Effective July 1, 1996, pursuant to Chapter 3358 of the Ohio Revised Code, the trustees of Owens State 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. The Foundation was incorporated in April, 2002 and the name was changed to Owens Community College Foundation effective November 25, 2003.

(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 Community College Foundation

Notes to Financial Statements June 30, 2004 and 2003

(2) Summary of Significant Accounting Policies (Continued)

(d) *Investments*

In 2004 and 2003, investments are recorded at current market value based on quoted market prices and consist of stock and bond mutual funds.

(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. The most recent appraisal of this property, performed in May, 2003, valued the land at \$225,000.

(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.

Owens Community College Foundation

Notes to Financial Statements June 30, 2004 and 2003

(3) Investments

Investments at June 30, 2004, by major security type, were as follows:

	Cost	Market Value @ 6/30/04
Bond mutual funds	\$ 339,008	\$ 330,959
Equity mutual funds	632,768	746,959
Coins	40	40
Total investments	<u>\$ 971,816</u>	<u>\$ 1,077,958</u>

Investments at June 30, 2003, by major security type, were as follows:

	Cost	Market Value @ 6/30/03
Bond mutual funds	\$ 196,287	\$ 197,115
Equity mutual funds	353,056	385,079
Coins	40	40
Total investments	<u>\$ 549,383</u>	<u>\$ 582,234</u>

(4) Pledges Receivable

As of June 30, 2004 and 2003, contributors to the Foundation have made written unconditional promises to give. These promises are reported at present value of estimated future cash flows and are discounted at 3%. This rate is commensurate with risks involved and is consistent with past experience.

	2004	2003
Unconditional promises to give	\$ 52,480	\$ 57,413
Less unamortized discount	(4,203)	(145)
Net unconditional promises to give	<u>\$ 48,277</u>	<u>\$ 57,268</u>
Amounts due in:		
Less than one year	\$ 12,480	\$ 57,268
One to five years	35,797	-
Total	<u>\$ 48,277</u>	<u>\$ 57,268</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2004 and 2003

(5) Related Party Transactions

Expenses incurred on behalf of the College were \$427,184 and \$97,629 for fiscal years 2004 and 2003, respectively. At June 30, 2004 and 2003, the net amounts owed to the College for reimbursement by the Foundation were \$30,275 and \$42,641, respectively.

(6) Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	2004	2003
Gifts and other unexpended revenues available for:		
Library campaign	\$ 28,227	\$ 28,227
Equipment	99,892	85,936
Scholarships	330,411	226,099
Student loans	4,179	4,179
	<u>\$ 462,709</u>	<u>\$ 344,441</u>

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

	2004	2003
Equipment	\$ 308,851	\$ 28,054
Outside grant expenses	49,612	-
Scholarships	67,360	60,325
	<u>\$ 425,823</u>	<u>\$ 88,379</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.



Plante & Moran, PLLC
3434 Granite Circle
P.O. Box 353090
Toledo, OH 43635-3090
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Report Letter on Compliance with Laws and Regulations and Internal
Control - Owens State Community College Foundation
Basic Financial Statements

Board of Trustees
Owens State Community College Foundation

We have audited the financial statements of Owens State Community College Foundation as of and for the year ended June 30, 2004 and have issued our report thereon dated September 10, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Owens State 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 Owens State 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.

Plante & Moran, PLLC

September 10, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**OWENS 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
DECEMBER 16, 2004**