

**CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION**

FINANCIAL STATEMENTS

June 30, 2012 and 2011



Dave Yost • Auditor of State

Board of Directors
Cincinnati State Technical and Community College Foundation
3520 Central Parkway
Cincinnati, Ohio 45223

We have reviewed the *Report of Independent Auditors* of the Cincinnati State Technical and Community College Foundation, Hamilton County, prepared by Crowe Horwath LLP, for the audit period July 1, 2011 through June 30, 2012. 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 Technical and Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 4, 2012

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CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION
Cincinnati, Ohio

FINANCIAL STATEMENTS
June 30, 2012 and 2011

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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, 2012 and 2011, 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, 2012 and 2011, 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 12, 2012, 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 12, 2012

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,275,716	\$ 1,402,232
Investments	2,839,317	2,006,718
Pledges receivable, net	182,225	211,625
Interest income receivable	<u>38</u>	<u>16</u>
Total assets	<u>\$ 4,297,296</u>	<u>\$ 3,620,591</u>
LIABILITIES AND NET ASSETS		
Accounts payable	<u>\$ 170,040</u>	<u>\$ 202,051</u>
Net assets		
Unrestricted	941,905	114,979
Temporarily restricted	1,070,378	1,906,021
Permanently restricted	<u>2,114,973</u>	<u>1,397,540</u>
Total net assets	<u>4,127,256</u>	<u>3,418,540</u>
Total liabilities and net assets	<u>\$ 4,297,296</u>	<u>\$ 3,620,591</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2012 with comparative 2011 totals

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	2012 <u>Total</u>	2011 <u>Total</u>
Operating support and revenue					
Contributions	\$ 60,617	\$ 499,072	\$ 717,433	\$1,277,122	\$ 933,321
Interest and dividend income, net	5,512	50,820	-	56,332	43,378
Unrealized and realized gains/ (losses) on investments	72	67,520	-	67,592	328,941
Net assets released from restriction	<u>1,453,055</u>	<u>(1,453,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	1,519,256	(835,643)	717,433	1,401,046	1,305,640
Operating expenses					
General operating expenses and support	183,946	-	-	183,946	172,772
Student scholarships, financial aid and educational program funding	<u>508,384</u>	<u>-</u>	<u>-</u>	<u>508,384</u>	<u>479,691</u>
Total operating expenses	<u>692,330</u>	<u>-</u>	<u>-</u>	<u>692,330</u>	<u>652,463</u>
Changes in net assets	826,926	(835,643)	717,433	708,716	653,177
Net assets, beginning of year	<u>114,979</u>	<u>1,906,021</u>	<u>1,397,540</u>	<u>3,418,540</u>	<u>2,765,363</u>
Net assets, end of year	<u>\$ 941,905</u>	<u>\$ 1,070,378</u>	<u>\$ 2,114,973</u>	<u>\$4,127,256</u>	<u>\$3,418,540</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>
Operating support and revenue				
Contributions	\$ 188,826	\$ 728,981	\$ 15,514	\$ 933,321
Interest and dividend income, net	4,808	38,570	-	43,378
Unrealized and realized gains/(losses) on investments	139	328,802	-	328,941
Net assets released from restriction	<u>512,744</u>	<u>(512,744)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	706,517	583,609	15,514	1,305,640
Operating expenses				
General operating expenses and support	172,772	-	-	172,772
Student scholarships, financial aid and educational program funding	<u>479,691</u>	<u>-</u>	<u>-</u>	<u>479,691</u>
Total operating expenses	<u>652,463</u>	<u>-</u>	<u>-</u>	<u>652,463</u>
Changes in net assets	54,054	583,609	15,514	653,177
Net assets, beginning of year	<u>60,925</u>	<u>1,322,412</u>	<u>1,382,026</u>	<u>2,765,363</u>
Net assets, end of year	<u>\$ 114,979</u>	<u>\$ 1,906,021</u>	<u>\$ 1,397,540</u>	<u>\$ 3,418,540</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 708,716	\$ 653,177
Adjustments to reconcile changes in net assets to net cash from operating activities		
Contributions permanently restricted for endowment	(717,433)	(15,514)
Net realized and unrealized (gains)/losses on investments	(67,592)	(328,941)
Change in assets and liabilities		
Pledges receivable	29,400	(27,143)
Interest income receivable	(22)	24
Accounts payable	(32,011)	132,977
Net cash from operating activities	<u>(78,942)</u>	<u>414,580</u>
 Cash flows from investing activities		
Proceeds from sale of investments	661,441	423,964
Purchase of investments	<u>(1,426,448)</u>	<u>(280,482)</u>
Net cash from investing operations	<u>(765,007)</u>	<u>143,482</u>
 Cash flows from financing activities		
Contributions permanently restricted for endowment	<u>717,433</u>	<u>15,514</u>
Net cash from financing activities	<u>717,433</u>	<u>15,514</u>
 Net change in cash and cash equivalents	(126,516)	573,576
 Cash and cash equivalents, beginning of year	<u>1,402,232</u>	<u>828,656</u>
 Cash and cash equivalents, end of year	<u><u>\$ 1,275,716</u></u>	<u><u>\$ 1,402,232</u></u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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 generally accepted accounting principles. Under these principles, 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 financial institution. 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.

Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Pledges receivable are reviewed annually to determine if an allowance for uncollectible contributions receivable is needed. Based upon management’s judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity, no allowance for uncollectible pledges receivable has been provided in 2012 and 2011.

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.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Income Taxes: The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the financial statements. Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

Generally accepted accounting principles in the United States prescribe recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2012 and 2011. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of June 30, 2012 and 2011. The Foundation is no longer subject to examination by taxing authorities for the years before June 30, 2009.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2012 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2012. Management has performed their analysis of subsequent events through October 12, 2012 the date the financial statements were available to be issued. Management has determined no subsequent events have occurred requiring disclosure in these financial statements.

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>2012</u>	<u>2011</u>
One year or less	\$ 43,502	\$ 11,293
Between one and five years	102,428	159,987
Longer than five years	<u>47,850</u>	<u>51,900</u>
	193,780	223,180
Discounts and allowance for doubtful pledges	<u>11,555</u>	<u>11,555</u>
Net pledges receivable	<u>\$ 182,225</u>	<u>\$ 211,625</u>

NOTE 4 – FAIR VALUE

The fair value of investments held by the Foundation at June 30, 2012 and 2011 is summarized as follows:

	<u>2012</u>	<u>2011</u>
Money market accounts	\$ 24,827	\$ 49,963
Mutual fund – fixed income	2,037,775	1,298,802
Mutual fund – equities	<u>776,715</u>	<u>657,953</u>
Total	<u>\$ 2,839,317</u>	<u>\$ 2,006,718</u>

The Foundation determines the fair values of its financial instruments based on the fair value hierarchy established in ASU 820, 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.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 4 – FAIR VALUE (Continued)

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, 2012 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	\$ 7,981	\$ 16,846	\$ -
Mutual funds – fixed income	2,037,775	-	-
Mutual funds – equities	776,715	-	-

	Fair Value Measurements at June 30, 2011 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	\$ 1,032	\$ 48,931	\$ -
Mutual funds – fixed income	1,298,802	-	-
Mutual funds – equities	657,953	-	-

The fair values of certain money market accounts, fixed income mutual funds and equity mutual funds, which are traded in the over-the-counter market, are determined using quoted market prices and are classified as Level 1 financial instruments. The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Certain money market accounts are not readily marketable, and their fair value is based on the rates and credit of the issuer (market approach). These accounts are classified as Level 2 financial instruments.

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.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 5 – ENDOWMENT COMPOSITION (Continued)

Endowment net asset composition by type of fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor-restricted endowment funds	\$ (197,514)	\$ 680,204	\$ 2,114,973	\$ 2,597,663

Changes in endowment net assets for year ended June 30, 2012.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ (125,429)	\$ 734,607	\$ 1,397,540	\$ 2,006,718
Interest and dividends	122	50,820	-	50,942
Net appreciation (realized and unrealized gains/losses)	-	67,520	-	67,520
Total investment income	122	118,340	-	118,462
Contributions	-	-	717,433	717,433
Change in underwater endowments	(72,207)	72,207	-	-
Appropriation of endowment assets for expenditure	-	(244,950)	-	(244,950)
Net assets, end of year	\$ (197,514)	\$ 680,204	\$ 2,114,973	\$ 2,597,663

Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor-restricted endowment funds	\$ (125,429)	\$ 734,607	\$ 1,397,540	\$ 2,006,718

Changes in endowment net assets for year ended June 30, 2011.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ (375,092)	\$ 712,172	\$ 1,382,026	\$ 1,719,106
Interest and dividends	15	38,570	-	38,585
Net appreciation (realized and unrealized gains/losses)	-	328,802	-	328,802
Total investment income	15	367,372	-	367,387
Contributions	120	-	15,514	15,634
Change in underwater endowments	304,788	(304,788)	-	-
Appropriation of endowment assets for expenditure	(55,260)	(40,149)	-	(95,409)
Net assets, end of year	\$ (125,429)	\$ 734,607	\$ 1,397,540	\$ 2,006,718

(Continued)

NOTE 5 – ENDOWMENT COMPOSITION (Continued)

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

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 thirteen quarters (3-year rolling average). 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 \$197,514 and \$125,429 as of June 30, 2012 and 2011, respectively. These deficiencies resulted from unfavorable market fluctuations.

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

(Continued)

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 OF INDEPENDENT AUDITORS 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, 2012, 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

Management of the Foundation is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

(Continued)

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 Foundation in a separate letter dated October 12, 2012.

This report is intended solely for the information and use of the Board of Directors, management, others 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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Columbus, Ohio
October 12, 2012



Dave Yost • Auditor of State

CINCINNATI STATE TECHNICAL AND 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
DECEMBER 18, 2012**