Cincinnati State Technical and Community College Foundation

Financial Report

June 30, 2018

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 *Independent Auditor's Report* of the Cincinnati State Technical and Community College Foundation, Hamilton County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2017 through June 30, 2018. 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.

Dave Yost

Dave Yost
Auditor of State

November 2, 2018

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Cincinnati State Technical and Community College Foundation

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Independent Auditor's Report

To the Board of Directors
Cincinnati State Technical and
Community College Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Cincinnati State Technical and Community College Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2018 and 2017 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati State Technical and Community College Foundation as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Cincinnati State Technical and
Community College Foundation

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018 on our consideration of Cincinnati State Technical and Community College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering Cincinnati State Technical and Community College Foundation's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 12, 2018

Statement of Financial Position

June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 1,581,658	$ 1,267,441
Investments	9,248,284	8,446,737
Pledges receivable - Net	667,536	228,205
Prepaid expenses and other current assets	20,855	-
Total assets	**$ 11,518,333**	**$ 9,942,383**
Liabilities and Net Assets		
Current Liabilities - Payables due to College	$ 229,683	$ 136,333
Net Assets		
Unrestricted	625,271	789,596
Temporarily restricted	3,818,303	3,123,960
Permanently restricted	6,845,076	5,892,494
Total net assets	11,288,650	9,806,050
Total liabilities and net assets	**$ 11,518,333**	**$ 9,942,383**

See notes to financial statements.

Cincinnati State Technical and Community College Foundation

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support								
Contributions	$ 261,280	$ 1,326,308	$ 952,582	$ 2,540,170	$ 486,721	$ 950,057	$ 644,086	$ 2,080,864
In-kind donations	266,424	-	-	266,424	280,162	-	-	280,162
Net realized and unrealized gains	48,812	295,049	-	343,861	85,253	540,446	-	625,699
Interest and dividends	41,823	194,927	-	236,750	36,341	149,015	-	185,356
Total revenue, gains, and other support	618,339	1,816,284	952,582	3,387,205	888,477	1,639,518	644,086	3,172,081
Net assets released from restrictions	1,121,941	(1,121,941)	-	-	986,386	(986,386)	-	-
Total revenue, gains, and other support and net assets released from restrictions	1,740,280	694,343	952,582	3,387,205	1,874,863	653,132	644,086	3,172,081
Expenses								
Instruction	865,449	-	-	865,449	1,176,906	-	-	1,176,906
Management and general	1,039,156	-	-	1,039,156	707,684	-	-	707,684
Total expenses	1,904,605	-	-	1,904,605	1,884,590	-	-	1,884,590
(Decrease) Increase in Net Assets	(164,325)	694,343	952,582	1,482,600	(9,727)	653,132	644,086	1,287,491
Net Assets - Beginning of year	789,596	3,123,960	5,892,494	9,806,050	799,323	2,470,828	5,248,408	8,518,559
Net Assets - End of year	**$ 625,271**	**$ 3,818,303**	**$ 6,845,076**	**$ 11,288,650**	**$ 789,596**	**$ 3,123,960**	**$ 5,892,494**	**$ 9,806,050**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Increase in net assets	$ 1,482,600	$ 1,287,491
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Contributions permanently restricted for endowment	(952,582)	(644,086)
Net realized and unrealized gains on investments	(343,861)	(625,699)
Bad debt expense	60,269	-
Changes in operating assets and liabilities which (used) provided cash:		
Pledges receivable	(499,600)	196,772
Prepaid expenses and other assets	(20,855)	-
Payables due to College	93,350	(9,401)
Net cash and cash equivalents (used in) provided by operating activities	(180,679)	205,077
Cash Flows from Investing Activities		
Proceeds from sale of investments	7,947,127	6,323,155
Purchase of investments	(8,404,813)	(7,082,948)
Net cash and cash equivalents used in investing activities	(457,686)	(759,793)
Cash Flows Provided by Financing Activities - Contributions permanently restricted for endowment	952,582	644,086
Net Increase in Cash and Cash Equivalents	314,217	89,370
Cash and Cash Equivalents - Beginning of year	1,267,441	1,178,071
Cash and Cash Equivalents - End of year	**$ 1,581,658**	**$ 1,267,441**

See notes to financial statements.

Note 1 - Nature of Business

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, and administer grants for the benefit of the College. The Foundation is a component unit 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

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Foundation has cash equivalents included in its investment portfolio that are combined with total investments.

The carrying amount of cash and cash equivalents shown in the accompanying financial statements includes checking and overnight investment accounts with one local financial institution. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to $250,000 deposited at an FDIC-insured bank. At various times throughout the fiscal year, the Foundation had cash in excess of $250,000 on deposit. The excess is not insured by the FDIC.

Investments

Investments are recorded at fair value. The fair value of investments is estimated based on quoted market prices for those or similar investments.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired or been fulfilled.

Temporarily restricted net assets consist of contributions received with donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements.

Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity.

Note 2 - Significant Accounting Policies (Continued)

Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

Contributions

Contributions, including unconditional promises to give in the future, are measured at fair value and reported as revenue when received. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. All other contributions are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Amounts for services provided by the College are valued and reported as in-kind donations. See Note 8 for further information.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. Based upon management's judgment, considering such factors as prior collection history, type of contribution, and nature of fundraising activity, the Foundation recorded an allowance of $52,000 and $0 for uncollectible pledges receivable as of June 30, 2018 and 2017, respectively.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 12, 2018, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation’s year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation is currently evaluating the impact of the standard and will present the two classes of net assets and add the liquidity footnote, expense matrix, and related disclosures.

Note 2 - Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Foundation's year ending June 30, 2021 and will be applied on a modified prospective basis. The Foundation does not expect the standard to have a significant impact on the timing of revenue recognition, but has not yet determined the impact on the timing of recognition of contributions.

Note 3 - Investments

Investments consist of the following at June 30:

	2018	2017
Cash equivalents	$ 365,711	$ 1,063,145
Equity mutual funds	6,247,928	5,175,818
Fixed-income mutual funds	2,583,643	1,936,727
Real estate mutual funds	51,002	49,488
Alternative strategy mutual funds	-	221,559
Total	$ 9,248,284	$ 8,446,737

Investment income during the years ended June 30 consisted of net realized and unrealized gains and interest and dividends as follows:

	2018	2017
Net realized and unrealized gains	$ 343,861	$ 625,699
Interest and dividends	236,750	185,356
Total	$ 580,611	$ 811,055

Note 4 - Pledges Receivable

Pledges receivable consists of the following at June 30:

	2018	2017
Gross promises to give	$ 732,960	$ 241,097
Less allowance for uncollectible pledges	(52,000)	-
Less allowance for net present value discount	(13,424)	(12,892)
Net pledges receivable	$ 667,536	$ 228,205
Amounts due in:		
Less than one year	$ 667,910	$ 116,305
One to five years	26,050	124,442
More than five years	39,000	350
Less allowance for uncollectible pledges	(52,000)	-
Less allowance for net present value discount	(13,424)	(12,892)
Total	$ 667,536	$ 228,205

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2018 and 2017 and the valuation techniques used by the Foundation to determine those fair values.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Investments:				
Equity mutual funds	$ 6,247,928	$ -	$ -	$ 6,247,928
Fixed-income mutual funds	2,583,643	-	-	2,583,643
Real estate mutual funds	51,002	-	-	51,002
Total assets	$ 8,882,573	$ -	$ -	$ 8,882,573

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2017
Investments:				
Equity mutual funds	$ 5,175,818	$ -	$ -	$ 5,175,818
Fixed-income mutual funds	1,936,727	-	-	1,936,727
Real estate mutual funds	49,488	-	-	49,488
Alternative strategy mutual funds	221,559	-	-	221,559
Total assets	$ 7,383,592	$ -	$ -	$ 7,383,592

Note 5 - Fair Value Measurements (Continued)

Investments on the statement of financial position at June 30, 2018 and 2017 include cash equivalents of $365,711 and $1,063,145, respectively. The Foundation's investments in cash equivalents are measured at amortized cost; therefore, they are not included in the table above.

Note 6 - Net Assets

Temporarily restricted net assets are principally related to scholarships, specific colleges and departments within the College, department chairs, and various other purposes related to support the College. Temporarily restricted net assets as of June 30 are available for the following purposes:

	2018	2017
Pledges receivable	$ 667,536	$ 228,205
Special purpose funds	2,660,791	2,206,293
Income on endowments	489,976	689,462
Total temporarily restricted net assets	$ 3,818,303	$ 3,123,960

Permanently restricted net assets are invested in perpetuity. The income on such investments, as specified by the donor, is to be used for the purposes noted. Permanently restricted net assets as of June 30 are as follows:

	2018	2017
Endowment funds	$ 6,845,076	$ 5,892,494

Note 7 - Donor-restricted and Board-designated Endowments

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. 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. Temporarily restricted assets that the Foundation's board has designated intent are classified as quasi-endowments.

Interpretation of Relevant Law

The board of directors of 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, the 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:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 1,408,104	$ 6,845,076	$ 8,253,180
Term endowment funds	-	258,630	-	258,630
Total	$ -	$ 1,666,734	$ 6,845,076	$ 8,511,810

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ -	$ 1,444,103	$ 5,892,494	$ 7,336,597
Investment return:				
Investment income	-	194,927	-	194,927
Net appreciation, realized and unrealized	-	295,049	-	295,049
Total investment return	-	489,976	-	489,976
Contributions	-	-	952,582	952,582
Appropriation of endowment assets for expenditure	-	(267,345)	-	(267,345)
Endowment net assets - End of year	$ -	$ 1,666,734	$ 6,845,076	$ 8,511,810

	Endowment Net Asset Composition by Type of Fund as of June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 1,185,473	$ 5,892,494	$ 7,077,967
Term endowment funds	-	258,630	-	258,630
Total	$ -	$ 1,444,103	$ 5,892,494	$ 7,336,597

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ -	$ 950,307	$ 5,248,408	$ 6,198,715
Investment return:				
Investment income	-	149,015	-	149,015
Net appreciation, realized and unrealized	-	540,447	-	540,447
Total investment return	-	689,462	-	689,462
Contributions	-	-	644,086	644,086
Appropriation of endowment assets for expenditure	-	(195,666)	-	(195,666)
Endowment net assets - End of year	$ -	$ 1,444,103	$ 5,892,494	$ 7,336,597

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

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. There were no such deficiencies as of June 30, 2018 and 2017.

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, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return based on the average return of various market indexes, specifically the performance of the S&P 500 index. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 8 - Related Party Transactions

The 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. For the years ended June 30, 2018 and 2017, these amounts totaled $266,424 and $280,162, respectively. These amounts are classified as in-kind donations in the statement of activities and changes in net assets.

Note 9 - Functional Expenses

Total expenses consisted of expenses relating to program services, support services, and fundraising in the following manner for the years ended June 30:

	2018	2017
Program services	$ 1,174,250	$ 1,448,649
Support services	443,059	171,144
Fundraising	287,296	264,797
Total	$ 1,904,605	$ 1,884,590

Note 9 - Functional Expenses (Continued)

The costs of providing the program and support services are reported on a functional basis. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 10 - Intention to Give

In January 2017, the Foundation was notified that it was a beneficiary of a revocable trust in which it has a 1/6th interest in its assets. The trust has subsequently been included in a lawsuit to determine which assets should be included in the trust for distribution to beneficiaries. As of June 30, 2018 and 2017, the Foundation was unable to estimate the value of the remaining trust assets that will be distributed due to the ongoing litigation. Due to this, the Foundation did not record a bequest receivable on the statement of financial position at June 30, 2018 or 2017.

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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*

Independent Auditor's Report

To Management and the Board of Directors
Cincinnati State Technical and
Community College Foundation

We have audited, 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, the financial statements of Cincinnati State Technical and Community College Foundation (the "Foundation"), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from 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.*

To Management and the Board of Directors
Cincinnati State Technical and
Community College Foundation

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 12, 2018

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
NOVEMBER 15, 2018