

STATE OF CONNECTICUT

**AUDITORS' REPORT
CHARTER OAK STATE COLLEGE
FOUNDATION INC.
FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**

**AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE**

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Charter Oak State College Foundation, Inc.:

We have audited the accompanying statement of financial position of the Charter Oak State College Foundation, Inc., (the Foundation) as of June 30, 2004, and the related statements of activities, functional expenses, 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.

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. 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 the Foundation as of June 30, 2004, and the change in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

September 1, 2006
State Capitol
Hartford, Connecticut

CHARTER OAK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

ASSETS:

Cash and cash equivalents	\$	157,083
Investments		633,481
Computer equipment		45,353
Less: Accumulated depreciation		(43,306)
Unconditional promises to give, net		99,188
Other receivables		808
Other Assets		<u>625</u>
 TOTAL ASSETS	\$	<u><u>893,232</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$	0
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NET ASSETS:

Unrestricted		12,472
Temporarily restricted		72,323
Permanently restricted		<u>808,437</u>
 TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>893,232</u></u>

See accompanying notes to financial statements.

CHARTER OAK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:				
Contributions	\$ 15,967	30,571	48,523	\$ 95,061
Investment income	773	15,701	-	16,474
Gain/(loss) on investments, net	36,294	-	-	36,294
Net assets released from restrictions				-
Restrictions satisfied by payments	<u>59,927</u>	<u>(59,927)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>112,961</u>	<u>(13,655)</u>	<u>48,523</u>	<u>147,829</u>
EXPENSES:				
Program services				
Scholarships and grants	8,878	-	-	8,878
Women in transition	45,992	-	-	45,992
Program Innovations	1,700	-	-	1,700
Supporting services				
General and administrative	2,924	-	-	2,924
Fund raising	<u>3,163</u>	<u>-</u>	<u>-</u>	<u>3,163</u>
TOTAL EXPENSES	<u>62,657</u>	<u>-</u>	<u>-</u>	<u>62,657</u>
CHANGE IN NET ASSETS	50,304	(13,655)	48,523	85,172
NET ASSETS, BEGINNING OF YEAR	\$ <u>(37,832)</u>	\$ <u>85,978</u>	\$ <u>759,914</u>	\$ <u>808,060</u>
NET ASSETS, END OF YEAR	<u>\$ 12,472</u>	<u>\$ 72,323</u>	<u>\$ 808,437</u>	<u>\$ 893,232</u>

See accompanying notes to financial statements.

CHARTER OAK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Program Services			Supporting Services		Total
	Scholarships and grants	Women in transition	Program Innovation	General and Administrative	Fund Raising	
Salaries and wages	\$ -	\$ 8,811	\$ -	\$ -	\$ -	\$ 8,811
Scholarships and grants	8,878	23,766	-	-	-	32,644
Depreciation expense	-	6,994	-	-	-	6,994
Computer and related services	-	6,049	-	-	-	6,049
Program development	-	-	1,700	-	-	1,700
Insurance	-	-	-	1,317	-	1,317
Meetings and conferences	-	-	-	418	-	418
Printing and publications	-	-	-	306	1,472	1,778
Postage	-	372	-	150	1,691	2,213
Office supplies and expense	-	-	-	733	-	733
TOTAL EXPENSES	\$ 8,878	\$ 45,992	\$ 1,700	\$ 2,924	\$ 3,163	\$ 62,657

See accompanying notes to financial statements.

CHARTER OAK STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 85,172
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,994
Net unrealized gain on investments	(36,294)
Increase in unconditional promises to give	(12,381)
Decrease in other receivables	353
Contribution of art	(625)
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NET CASH PROVIDED BY OPERATING ACTIVITIES	(41,953)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for purchase of investments, net	<hr/> (77,894)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<hr/> (77,894)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,675)
CASH AND CASH EQUIVALENTS - JUNE 30, 2003	<hr/> 191,758
CASH AND CASH EQUIVALENTS - JUNE 30, 2004	\$ <hr/> <hr/> 157,083

See accompanying notes to financial statements.

**THE CHARTER OAK STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

The Charter Oak State College Foundation, Inc., (the Foundation) operates exclusively for charitable and educational purposes and as such promotes interest in and support of open learning and credentialing in higher education. The Foundation solicits contributions of funds for the support of such activities.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based upon 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 restrictions.

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 by the passage of time. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets--Net assets subject to donor-imposed stipulations that may 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 any related investments for general or specified purposes.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash in checking and savings accounts, as well as highly liquid investments that are readily convertible into cash.

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Investments:

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Taxes:

The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501 (C)(3).

NOTE 2 CONCENTRATION OF CREDIT RISK

The Foundation's deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2004, there were no uninsured deposits.

NOTE 3 INVESTMENTS

Investments are stated at fair value and consist of mutual funds.

	<u>June 30, 2004</u>
Market value	\$ 633,481
Cost	<u>678,849</u>
Deficiency of market value under cost	\$ <u>(45,368)</u>

NOTE 4 PROMISES TO GIVE

The State of Connecticut has established a Higher Education State Matching Grant Fund to be administered by the Department of Higher Education in accordance with Section 10a-8b of the General Statutes. Section 10a-143a of the General Statutes requires the Board for State Academic Awards (the Board) to establish a permanent Endowment Fund to encourage donations from the private sector. The net earnings on the endowment principal are dedicated and made available to Charter Oak State College for scholarships and programmatic enhancements. The State matches one half of the private funds raised for those endowment funds.

Based on the legislation, the Foundation has recognized the following amounts for the year ended June 30, 2004:

Match receivable for calendar year 2000 contributions	\$ 3,320
Match receivable for calendar year 2001 contributions	57,167
Match receivable for calendar year 2002 contributions	23,068
Match receivable for calendar year 2003 contributions	16,399
Match receivable for calendar year 2004 contributions, through June 30, 2004	<u>4,093</u>
Total	\$ <u>104,047</u>

Unconditional promises to give at June 30, 2004, are as follows:

Receivable due in less than one year	\$ 0
Receivable due in one to five years	<u>104,147</u>
Total promises to give	104,147
Less: discount to net present value at 5% discount rate	<u>(4,959)</u>
Net promises to give	\$ <u>99,188</u>

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Book fund	\$ 49
Educational lectures	7,347
Other funds restricted for program purposes	13,785
Technology	5,965
Women in transition	<u>45,177</u>
Total temporarily restricted net assets	\$ <u>72,323</u>

NOTE 6 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted in perpetuity, the income of which is expendable to support the following purposes:

Book fund	\$ 1,119
Educational lectures	59,327
Other funds restricted for program purposes	406,896
Scholarships or grants	124,392
Technology	106,481
Women in transition	<u>110,222</u>
Total permanently restricted net assets	\$ <u>808,437</u>

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from donor restrictions during the year by incurring expenses satisfying the restricted purpose specified by the donor. The temporarily restricted net assets released from restriction related to the following:

Purpose restrictions accomplished:	
Program Innovation	\$ 1,150
Other funds restricted for program purposes	5,128
Scholarships or grants	7,657
Women in transition	<u>45,992</u>
Net assets released from restrictions	\$ <u>59,927</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

The Board of Directors
Charter Oak State College Foundation, Inc.:

We have audited the financial statements of the Charter Oak State College Foundation, Inc., (the Foundation) as of and for the fiscal year ended June 30, 2004, and have issued our report dated September 1, 2006.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Sections 4-37e to 4-37k of the Connecticut General Statutes, any other laws and internal controls relevant to the Foundation is the responsibility of the Foundation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Foundation's compliance with Sections 4-37e to 4-37k of the Connecticut General Statutes. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such statutes. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein.

This report is intended for the information of the Board of Directors and any applicable regulatory

body. However, this report is a matter of public record, and its distribution is not limited.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

September 1, 2006
State Capitol
Hartford, Connecticut

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL BASED UPON AN AUDIT OF FINANCIAL STATEMENTS

The Board of Directors
Charter Oak State College Foundation, Inc.:

We have audited the financial statements of the Charter Oak State College Foundation, Inc, (the Foundation), as of and for the fiscal year ended June 30, 2004, and have issued our report dated September 1, 2006.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Foundation is responsible for establishing and maintaining effective internal control. In planning and performing our audit, we considered the 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 internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that would 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors. However, this report is a matter

of public record and its distribution is not limited.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

September 1, 2006
State Capitol
Hartford, Connecticut