

# City Colleges of Chicago Foundation

Financial Statements as of and for the  
Years Ended June 30, 2008 and 2007, and  
Independent Auditors' Report

# CITY COLLEGES OF CHICAGO FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
City Colleges of Chicago Foundation:

We have audited the accompanying statements of financial position of the City Colleges of Chicago Foundation (the "Foundation") (an Illinois corporation, organized not-for-profit) as of June 30, 2008 and 2007, 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of the City Colleges of Chicago Foundation as of June 30, 2008 and 2007, and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

January 22, 2009

# CITY COLLEGES OF CHICAGO FOUNDATION

## STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2008 AND 2007

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	2008	2007
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$4,920,484	\$4,522,696
ACCOUNTS RECEIVABLE	<u>10,000</u>	<u>                    </u>
TOTAL	<u>\$4,930,484</u>	<u>\$4,522,696</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES — Accounts payable	<u>\$ 29,475</u>	<u>\$ 96,280</u>
NET ASSETS:		
Unrestricted	106,432	41,360
Temporarily restricted	3,626,104	3,216,583
Permanently restricted	<u>1,168,473</u>	<u>1,168,473</u>
Total net assets	<u>4,901,009</u>	<u>4,426,416</u>
TOTAL	<u>\$4,930,484</u>	<u>\$4,522,696</u>

See notes to financial statements.

# CITY COLLEGES OF CHICAGO FOUNDATION

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
INCOME:								
Contributions	\$ 90,171	\$ 470,190	\$ -	\$ 560,361	\$ 225	\$ 646,922	\$ 855,214	\$1,502,361
Investment income	1,587	189,336		190,923	1,740	172,543		174,283
Contributed services	88,759			88,759	64,160			64,160
Net assets released from restriction	<u>250,005</u>	<u>(250,005)</u>		<u>-</u>	<u>233,221</u>	<u>(233,221)</u>		<u>-</u>
Total income	<u>430,522</u>	<u>409,521</u>	<u>-</u>	<u>840,043</u>	<u>299,346</u>	<u>586,244</u>	<u>855,214</u>	<u>1,740,804</u>
EXPENSES:								
Program services	276,691			276,691	234,056			234,056
Management and general	<u>88,759</u>			<u>88,759</u>	<u>64,160</u>			<u>64,160</u>
Total expenses	<u>365,450</u>	<u>-</u>	<u>-</u>	<u>365,450</u>	<u>298,216</u>	<u>-</u>	<u>-</u>	<u>298,216</u>
CHANGE IN NET ASSETS	65,072	409,521	-	474,593	1,130	586,244	855,214	1,442,588
NET ASSETS — Beginning of year	<u>41,360</u>	<u>3,216,583</u>	<u>1,168,473</u>	<u>4,426,416</u>	<u>40,230</u>	<u>2,630,339</u>	<u>313,259</u>	<u>2,983,828</u>
NET ASSETS — End of year	<u>\$106,432</u>	<u>\$3,626,104</u>	<u>\$1,168,473</u>	<u>\$4,901,009</u>	<u>\$ 41,360</u>	<u>\$3,216,583</u>	<u>\$1,168,473</u>	<u>\$4,426,416</u>

See notes to financial statements.

# CITY COLLEGES OF CHICAGO FOUNDATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

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	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 474,593	\$ 1,442,588
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Decrease (increase) in accounts receivable	(10,000)	2,025
Decrease (increase) in accounts payable	<u>(66,805)</u>	<u>27,433</u>
Net cash flows from operating activities	397,788	1,472,046
CASH AND CASH EQUIVALENTS — Beginning of year	<u>4,522,696</u>	<u>3,050,650</u>
CASH AND CASH EQUIVALENTS — End of year	<u><u>\$4,920,484</u></u>	<u><u>\$4,522,696</u></u>

See notes to financial statements.

# CITY COLLEGES OF CHICAGO FOUNDATION

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

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### 1. OPERATIONS

City Colleges of Chicago Foundation (the “Foundation”) is an Illinois not-for-profit, tax-exempt corporation established to pursue financial support from the private sector and to promote the programs of the City Colleges of Chicago (“City Colleges”). The Foundation receives, administers, and distributes funds to City Colleges for various grants, scholarships, and programs. Substantially, all of the Foundation’s revenues and support are for the benefit of City Colleges.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**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 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.

**Method of Accounting** — The Foundation maintains its books and prepares its financial statements using the accrual basis of accounting. The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Contributions** — The Foundation has adopted Financial Accounting Standards Board (FASB) Statement No. 116, *Accounting for Contributions Received and Contributions Made*. Per FASB Statement No. 116, contributions, including unconditional promises-to-give, are recognized as revenue in the period received or upon receipt of donor’s unconditional pledge to contribute. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

**Net Assets** — Net assets are categorized in three categories as follows: permanently restricted, temporarily restricted, and unrestricted. A permanent restriction represents a donor-imposed restriction that stipulates that resources be maintained permanently, but permits the organization to use or expend part or all of the income derived from the donated assets. The Foundation currently has permanently restricted net assets of \$1,168,473 and \$1,168,473 as of June 30, 2008 and 2007, respectively. A temporary restriction represents a donor-imposed restriction that permits the donee organization to use the donated assets when the restriction is met by either passage of time or by actions of the organization. When restricted purposes have been met, such net assets are transferred as “net assets released from restrictions.” The Foundation currently has temporarily restricted net assets of \$3,626,104 and \$3,216,583 as of June 30, 2008 and 2007, respectively.

**Cash and Cash Equivalents** — The Foundation considers cash on deposit at banks and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

**New Accounting Pronouncements** — In August 2008, the FASB issued FASB Staff Position Paper No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (“FSP 117-1”). FSP 117-1 provides guidance for not-for-profit entities related to disclosures for endowments, including the governing board’s interpretation of laws, endowment spending policies, endowment investment policies, composition of endowments by net asset class, and the reconciliation of beginning and ending balances. The provisions of FSP 117-1 are effective for fiscal years ending after December 15, 2008. The Foundation is currently assessing the impact that the adoption of FSP 117-1 will have on the financial statements.

### **3. EXEMPT STATUS**

The Foundation has been recognized by the Internal Revenue Service as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

### **4. RELATED-PARTY TRANSACTIONS**

The Foundation receives donated accounting services from City Colleges. The Foundation estimates the approximate fair value of these services to be \$88,759 and \$64,160 for the years ended June 30, 2008 and 2007, respectively. These amounts have been included in contributions and expenses in the statement of activities.

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