

# ***City Colleges of Chicago Foundation***

*Financial Statements as of and for the  
Years Ended June 30, 2006 and 2005, and  
Independent Auditors' Report*

# CITY COLLEGES OF CHICAGO FOUNDATION

## TABLE OF CONTENTS

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	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2006 AND 2005:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-6

## 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, 2006 and 2005, 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, 2006 and 2005, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte + Touche LLP*

January 31, 2007

# CITY COLLEGES OF CHICAGO FOUNDATION

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2006 AND 2005

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	2006	2005
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 3,050,650	\$ 2,918,284
ACCOUNTS RECEIVABLE	<u>2,025</u>	<u>          </u>
TOTAL	<u>\$ 3,052,675</u>	<u>\$ 2,918,284</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES—Accounts payable	<u>\$ 68,847</u>	<u>\$ 96,941</u>
NET ASSETS:		
Unrestricted	40,230	40,403
Temporarily restricted	2,630,339	2,468,061
Permanently restricted	<u>313,259</u>	<u>312,879</u>
Total net assets	<u>2,983,828</u>	<u>2,821,343</u>
TOTAL	<u>\$ 3,052,675</u>	<u>\$ 2,918,284</u>

See notes to financial statements.

# CITY COLLEGES OF CHICAGO FOUNDATION

## STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2006 AND 2005

	2006				2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>INCOME:</b>								
Contributions	\$ -	\$ 261,598	\$ 380	\$ 261,978	\$ 5,834	\$ 111,654	\$ 11,933	\$ 129,421
Investment income	1,462	117,372		118,834	654	45,096		45,750
Contributed services	60,000			60,000	60,000			60,000
Net assets released from restriction	<u>216,692</u>	<u>(216,692)</u>		<u>-</u>	<u>141,006</u>	<u>(141,006)</u>		<u>-</u>
Total income	<u>278,154</u>	<u>162,278</u>	<u>380</u>	<u>440,812</u>	<u>207,494</u>	<u>15,744</u>	<u>11,933</u>	<u>235,171</u>
<b>EXPENSES:</b>								
Program services	218,327			218,327	141,006			141,006
Management and general	<u>60,000</u>			<u>60,000</u>	<u>60,000</u>			<u>60,000</u>
Total expenses	<u>278,327</u>	<u>-</u>	<u>-</u>	<u>278,327</u>	<u>201,006</u>	<u>-</u>	<u>-</u>	<u>201,006</u>
CHANGE IN NET ASSETS	(173)	162,278	380	162,485	6,488	15,744	11,933	34,165
NET ASSETS—Beginning of year	<u>40,403</u>	<u>2,468,061</u>	<u>312,879</u>	<u>2,821,343</u>	<u>33,915</u>	<u>2,452,317</u>	<u>300,946</u>	<u>2,787,178</u>
NET ASSETS—End of year	<u>\$ 40,230</u>	<u>\$ 2,630,339</u>	<u>\$ 313,259</u>	<u>\$ 2,983,828</u>	<u>\$ 40,403</u>	<u>\$ 2,468,061</u>	<u>\$ 312,879</u>	<u>\$ 2,821,343</u>

See notes to financial statements.

# CITY COLLEGES OF CHICAGO FOUNDATION

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2006 AND 2005

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	<b>2006</b>	<b>2005</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 162,485	\$ 34,165
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
(Increase) in accounts receivable	(2,025)	
(Decrease) increase in accounts payable	<u>(28,094)</u>	<u>96,641</u>
Net cash flows from operating activities	132,366	130,806
CASH—Beginning of year	<u>2,918,284</u>	<u>2,787,478</u>
CASH—End of year	<u>\$3,050,650</u>	<u>\$2,918,284</u>

See notes to financial statements.

# CITY COLLEGES OF CHICAGO FOUNDATION

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2006 AND 2005

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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 procedures 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 Statement of Financial Accounting Standards (“SFAS”) No. 116, *Accounting for Contributions Received and Contributions Made*. Per SFAS No. 116, contributions, including unconditional promises to give, are recognized as revenue in the period received. 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: 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 \$313,259 and \$312,879 as of June 30, 2006 and 2005, 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. The Foundation currently has temporarily restricted net assets of \$2,630,339 and \$2,468,061 as of June 30, 2006 and 2005, 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.

**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 \$60,000 for each of the years ended June 30, 2006 and 2005. These amounts have been included in contributions and expenses in the statements of activities.

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