

Community Colleges for International Development, Inc.

Financial Report
June 30, 2014

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Community Colleges for International Development, Inc.

Officials

June 30, 2014

Name	Position	Title	Representing
Executive Committee			
Dr. Tom Ramage	Chair	President	Parkland College
Dr. Jack Bermingham	Chair Elect	President	Highline Community College
Dr. Richard Carpenter	Past Chair	Chancellor	Lone Star College System
Dr. Barbara Prindiville	Member @ Large	President	Waukesha County Technical College
Dr. Mick Starceвич	Secretary/Treasurer	President	Kirkwood Community College
Dr. Carol Stax Brown	President	Executive Director	Community College for International Development
Board of Directors			
Mr. Joe Piper	Board Member	CEO	Box Hill Institute
Dr. Jerry Weber	Board Member	President	College of Lake County
Dr. Mary Rittling	Board Member	President	Davidson County Community College
Dr. Orlando George Jr.	Board Member	President	Delaware Technical and Community College
Dr. Donald Doucette	Board Member	Chancellor	Eastern Iowa Comm College District
Dr. Susan May	Board Member	President	Fox Valley Technical College
Dr. Eileen Ely	Board Member	President	Green River Community College
Dr. V. Clyde Muse	Board Member	President	Hinds Community College
Dr. Kathleen B. Hetherington	Board Member	President	Howard Community College
Dr. Chris Whitaker	Board Member	President	Humber College
Dr. Kunihiko Ukifune	Board Member	CEO	Jikei Group of Colleges
Mr. Jens Mejer Pedersen	Board Member	President	Lillebaelt Academy of Prof. Higher Education
Dr. Jack Daniels III	Board Member	President	Madison Area Technical College
Dr. Sylvia Jenkins	Board Member	President	Moraine Valley Community College
Dr. Mark Erickson	Board Member	President	Northampton Community College
Dr. Lori Weyers	Board Member	President	Northcentral Technical College
Dr. H. Jeffrey Rafn	Board Member	President	Northeast Wisconsin Technical College
Dr. Dennis Michaelis	Board Member	Chancellor	St. Louis Community College
Dr. Bill Stewart	Board Member	Chancellor	State Center Community College District
Dr. Carl Haynes	Board Member	President	Tompkins Cortland Community College
Dr. John Morton	Board Member	Vice President	University of Hawaii Community Colleges



Independent Auditor's Report

To the Executive Committee
Community Colleges for International Development, Inc.
Cedar Rapids, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Community Colleges for International Development, Inc. (CCID), which comprise the statements of financial position as of June 30, 2014 and 2013, the related statements of activities, cash flows and functional expenses 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. Those standards require that we plan and perform the audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCID as of June 30, 2014 and 2013, and the changes in its net assets, its cash flows and its functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that CCID will continue as a going concern. As discussed in Note 7 to the financial statements, CCID has suffered significant net losses in the last two years and has a net deficit as of June 30, 2014 that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed name and date.

Davenport, Iowa
January 27, 2015

Community Colleges for International Development, Inc.

Statements of Financial Position
June 30, 2014 and 2013

Assets	2014	2013
Assets:		
Cash	\$ 34,306	\$ -
Prepaid expenses	11,169	5,510
Grants receivable from other governments	10,098	558,034
Due from Kirkwood Community College	-	324,174
Software, net of accumulated depreciation 2014 \$5,244; 2013 none	15,730	20,974
Total assets	\$ 71,303	\$ 908,692
Liabilities and Net Assets (Deficit)		
Liabilities:		
Accounts payable	\$ 31,211	\$ 471,429
Due to Kirkwood Community College	16,992	-
Deferred revenue	79,525	77,125
Accrued expenses	54,883	9,384
Compensated absences	72,539	68,773
Total liabilities	255,150	626,711
Net Assets (Deficit):		
Unrestricted	(186,780)	278,408
Temporarily restricted	2,933	3,573
Total net assets (deficit)	(183,847)	281,981
Total liabilities and net assets	\$ 71,303	\$ 908,692

See Notes to Financial Statements.

Community Colleges for International Development, Inc.

Statements of Activities
Years Ended June 30, 2014 and 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenue, grants and other support:			
Membership dues	\$ 288,458	\$ -	\$ 288,458
Study abroad programs	272,597	-	272,597
Conference fees	177,200	-	177,200
Professional development	19,800	-	19,800
Summer advance income	28,552	-	28,552
Grants	247,183	-	247,183
Contributed facilities, Kirkwood Facilities Foundation	40,000	-	40,000
Miscellaneous revenue	37,970	-	37,970
	<u>1,111,760</u>	<u>-</u>	<u>1,111,760</u>
Net assets released from restrictions	640	(640)	-
Total revenue, grants and other support	<u>1,112,400</u>	<u>(640)</u>	<u>1,111,760</u>
Expenses:			
Program and grant services, international student programs	571,039	-	571,039
Administration/office support	1,006,549	-	1,006,549
Total expenses	<u>1,577,588</u>	<u>-</u>	<u>1,577,588</u>
Change in net assets	(465,188)	(640)	(465,828)
Net assets (deficit):			
Beginning	278,408	3,573	281,981
Ending	<u>\$ (186,780)</u>	<u>\$ 2,933</u>	<u>\$ (183,847)</u>

See Notes to Financial Statements.

2013

Unrestricted	Temporarily Restricted	Total
\$ 269,709	\$ -	\$ 269,709
302,360	-	302,360
144,787	-	144,787
2,300	-	2,300
24,870	-	24,870
4,519,572	-	4,519,572
39,000	-	39,000
23,156	500	23,656
5,325,754	500	5,326,254
640	(640)	-
5,326,394	(140)	5,326,254
4,893,034	-	4,893,034
653,842	-	653,842
5,546,876	-	5,546,876
(220,482)	(140)	(220,622)
498,890	3,713	502,603
\$ 278,408	\$ 3,573	\$ 281,981

Community Colleges for International Development, Inc.

**Statements of Cash Flows
Years Ended June 30, 2014 and 2013**

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ (465,828)	\$ (220,622)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,244	-
Decrease in due from other governments and others	547,936	1,852,455
(Increase) decrease in prepaid expense	(5,659)	69,761
(Decrease) in accounts payable	(440,218)	(206,403)
(Decrease) increase in due to/from Kirkwood Community College	341,166	(1,467,247)
(Decrease) increase in deferred revenue	2,400	(3,544)
(Decrease) increase in accrued expenses	45,499	(4,172)
Increase in compensated absences	3,766	746
Net cash provided by operating activities	34,306	20,974
Cash Flows (Used in) Investing Activities, purchase of software	-	(20,974)
Cash and cash equivalents:		
Beginning	-	-
Ending	<u>\$ 34,306</u>	<u>\$ -</u>

See Notes to Financial Statements.

Community Colleges for International Development, Inc.

**Statements of Functional Expenses
Years Ended June 30, 2014 and 2013**

	2014			
	Program and Grant Services		Administration/ Office Support	Total
	International Student Programs			
Administration	\$ -	\$ 761,228	\$ 761,228	
Professional services	4,055	26,812	30,867	
Conferences and events	124,475	-	124,475	
Grants and other assistance to organizations in the U.S.	156,612	-	156,612	
Other services	12,676	96,139	108,815	
Travel	273,221	66,604	339,825	
Rent	-	40,000	40,000	
Miscellaneous	-	15,766	15,766	
	\$ 571,039	\$ 1,006,549	\$ 1,577,588	

See Notes to Financial Statements.

2013

Program and Grant Services		
International Student Programs	Administration/Office Support	Total
\$ -	\$ 459,770	\$ 459,770
5,452	49,833	55,285
96,589	-	96,589
4,480,547	-	4,480,547
24,345	53,744	78,089
286,101	41,436	327,537
-	39,000	39,000
-	10,059	10,059
<u>\$ 4,893,034</u>	<u>\$ 653,842</u>	<u>\$ 5,546,876</u>

Community Colleges for International Development, Inc.

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

Organization:

Community Colleges for International Development, Inc. (CCID) is a consortium of United States community, junior and technical colleges and foreign educational partners. From its inception in 1976, it has been concerned with implementing international projects and programs which benefit other countries, as well as its own member institutions and other community colleges. CCID is incorporated in the state of Florida as a non-profit organization administered by a Board of Directors consisting of the presidents or equivalents of the member colleges. The administrative operations of CCID have been located at a Kirkwood Community College facility in Cedar Rapids, Iowa since 1998.

Significant Accounting Policies:

Accounting 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 certain reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Basis of presentation: CCID is required to report information regarding financial position and activities according to three classes of net assets. Assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CCID and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of CCID and/or the passage of time. The only temporarily restricted net assets as of June 30, 2014 and 2013 relate to one scholarship award.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that neither expire by the passage of time and/or are otherwise removed by actions of CCID. There were no permanently restricted net assets for the fiscal years ended June 30, 2014 and 2013.

Revenue recognition:

Program and grant revenue: Revenue for programs is recognized when services are performed. Revenue from grants is recognized when CCID has met the grant's eligibility requirements.

Membership dues: Membership dues are recognized for the fiscal year in effect. Dues are prorated if an institution joins CCID during the fiscal year.

Contributed facilities: CCID receives the use of facilities from Kirkwood Facilities Foundation. The value of donated facilities is computed using the square footage used and an estimated fair value rental rate.

Deferred revenue: Monies received by CCID for program services that have not yet been provided are recorded as deferred revenue.

Community Colleges for International Development, Inc.

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

Cash and cash equivalents: For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

CCID has commingled some of its cash with Kirkwood Community College to obtain greater flexibility, efficiency and return. The amounts held by the College are included in due to/from Kirkwood Community College on the statement of financial position.

Kirkwood Community College's deposits as of June 30, 2014 were covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Grants receivable from other governments: Grants receivable from other governments represent grant funds due from governmental agencies for eligible expenses incurred. Management believes these amounts are collectible.

Software: CCID has a capitalization policy of \$5,000. Software purchased above policy is capitalized. Depreciation on the software is computed using the straight-line method over the estimated useful lives of the assets of five years.

Compensated absences: CCID employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The amount representing the cost of accumulated compensated absences is recorded as a liability. This liability has been computed based on rates of pay in effect as of fiscal year-end.

Income taxes: CCID is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CCID may be subject to federal and state income taxes on any net income from unrelated business activities. CCID files a Form 990 (Return of Organization Exempt from Income Tax) annually and unrelated business taxable income (UBIT) is reported on Form 990-T, as appropriate. Management has evaluated their material tax positions, which include such matters as the tax exempt status and various positions relative to potential sources of UBIT. As of June 30, 2014 and 2013, there were no uncertain tax benefits identified and recorded as a liability. Forms 990 and 990-T filed by CCID are no longer subject to examination by the Internal Revenue Service for the fiscal years ended June 30, 2010 and prior.

Subsequent events: Management has evaluated subsequent events through January 27, 2015, the date the financial statements were available to be issued.

Pending accounting guidance: In April 2013, the FASB issued ASU 2013-06, *Not-for-Profit Entities (Topic 958), Services Received from Personnel of an Affiliate*, which requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. The amendments in this Update are effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. Management is in the process of evaluating the potential impact this guidance will have on its financial statements.

Community Colleges for International Development, Inc.

Notes to Financial Statements

Note 2. Kirkwood Community College Allocations, Due from/to Kirkwood Community College

Kirkwood Community College is the fiscal agent of CCID. As its fiscal agent, Kirkwood Community College pays all expenses, including salaries, for CCID. Kirkwood Community College allocates these expenses to CCID, which results in direct costs. Included in these expenses is a provision for sharing in the Kirkwood Community College's risk management program.

The net effect of the allocations above results in an amount due to or due from Kirkwood Community College. At June 30, 2014 CCID owed Kirkwood Community College \$16,992. At June 30, 2013 Kirkwood Community College owed CCID \$324,174.

Note 3. Grant Income and Concentration

CCID received funding under the Community College Summit Initiative Program passed through Kirkwood Community College from the Department of State for the years ended June 30, 2014 and 2013. This funding is designed to bring students in vocational and technical fields in selected countries for study at community college campuses across the United States, to increase their employment-related skills and knowledge of English, contribute to the economic development of their countries and promote mutual understanding. Kirkwood Community College is the grantee. Kirkwood Community College retains amounts for its international program and administrative costs and passes the remainder of the grant to CCID as a subrecipient. CCID funding under these grants is passed through to subrecipients, used for direct costs and travel, paid to beneficiaries and used to fund certain administrative costs. Amounts recognized as grant revenue and passed through to subrecipients, used for direct costs and travel, or paid directly to beneficiaries totaled \$157,119 and \$4,480,547 for the years ended June 30, 2014 and 2013, respectively. Amounts received for administrative costs were \$65,000 and none for the years ended June 30, 2014 and 2013, respectively. This amount is included in grant revenue and the related program service expense in the statement of activities.

Revenue from these grants represented approximately 22% and 85% of CCID's total revenue, grants and other support for the years ended June 30, 2014 and 2013, respectively. Revenues from these grants have ended or will end at various dates through November 2014.

Note 4. Deferred Revenue

The following is a summary of CCID's deferred revenue at June 30, 2014 and 2013:

	2014	2013
Membership dues	\$ 49,350	\$ 50,125
Summer institute	30,175	26,900
Sponsorships	-	100
	<u>\$ 79,525</u>	<u>\$ 77,125</u>

Community Colleges for International Development, Inc.

Notes to Financial Statements

Note 5. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)

CCID, through Kirkwood Community College, contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for Kirkwood Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible CCID employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. For the years ended June 30, 2014 and 2013, each employee was required to contribute 5.95% and 5.78%, respectively, of their annual covered salary and CCID was required to contribute 8.93% and 8.67%, respectively, of annual covered payroll. Contribution requirements are specified by the contract with TIAA-CREF and in accordance with the Code of Iowa. CCID's and the employers' contributions to TIAA-CREF for the year ended June 30, 2014 were \$33,627 and \$22,405, respectively. CCID's and the employees' contributions to TIAA-CREF for the year ended June 30, 2013 were \$33,417 and \$22,278, respectively.

Note 6. Iowa Public Employees Retirement System (IPERS)

CCID, through Kirkwood Community College, contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

IPERS federal tax identification number is 42-615070. The plan is underfunded by \$5.5 billion as of June 30, 2014, the most recent actuarial valuation date, which includes actuarial value of assets totaling \$26.5 billion and accrued actuarial liabilities totaling \$32 billion.

For the years ended June 30, 2014 and 2013, plan members were required to contribute 5.95% and 5.78%, respectively, of their annual covered salary and CCID is required to contribute 8.93% and 8.67%, respectively, of annual covered payroll. Contribution requirements are established by state statute. CCID's contributions to IPERS for the years ended June 30, 2014 and 2013 were \$ 23,291 and \$27,900, respectively, equal to the required contributions for the year.

Note 7. Going Concern, Management's Plans and Subsequent Event

The accompanying financial statements have been prepared assuming that CCID will continue as a going concern. Through June 30, 2014, CCID has generated net losses in the last two fiscal years and an accumulated net deficit in unrestricted net assets of \$186,780. During the year ended June 30, 2014, CCID interviewed and chose a new fiscal agent; however, subsequent to year-end that new fiscal agent postponed final consent to be CCID's new fiscal agent. Also subsequent to year end CCID continued to incur expenses in excess of revenues which has further increased the net deficit.

Management is in the process of making organizational staffing changes necessary to correspond with revenue available from current sources and with the direction CCID anticipates for operations in the future.

