



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

December 24, 2007

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Community Colleges for International Development, Inc., Cedar Rapids, Iowa for the year ended June 30, 2007.

Community Colleges for International Development, Inc. (CCID) is a consortium of 169 United States Community Colleges and foreign educational partners concerned with implementing international projects and programs. Kirkwood Community College provides administrative and financial services to CCID. The employees of CCID are employees of Kirkwood Community College.

Vaudt reported CCID had revenues of \$719,011 for the year ended June 30, 2007, an increase of 8% over the prior year, which was primarily due to federal award dollars for the Community College Summit Initiative Program (CCSIP). Expenditures for the year ended June 30, 2007 totaled \$833,615, an increase of 21% over the prior year, due in part to increased participation during FY 2007 in the presidential visits program and the initial expenses related to the Community College Summit Initiative Program grant at the end of FY 2007. During the year, the American Council for International Intercultural Education (ACIIE) merged into CCID.

A copy of the audit report is available for review in the Board Secretary's office of Kirkwood Community College, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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COMMUNITY COLLEGES FOR INTERNATIONAL DEVELOPMENT, INC.

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS**

JUNE 30, 2007

Table of Contents

| | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Officials | 3 |
| Independent Auditor's Report | 5 |
| Financial Statements: | <u>Exhibit</u> |
| Statement of Financial Position | A 6 |
| Statement of Activities and Changes in Net Assets | B 7 |
| Statement of Functional Expenses | C 8 |
| Statement of Cash Flows | D 9 |
| Notes to Financial Statements | 10-11 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 13-14 |
| Schedule of Findings | 15 |
| Staff | 16 |

Community Colleges for International Development, Inc.

Officials

| <u>Name</u> | <u>Position</u> | <u>Title</u> | <u>Representing</u> |
|-------------------------------|-----------------------|--------------|-----------------------------------------|
| Executive Committee | | | |
| Dr. Gwendolyn Stephenson | Chair | President | Hillsborough Community College |
| Dr. Priscilla Bell | Chair Elect (Jul-Nov) | President | Highline Community College |
| Dr. Jack Bermingham (Interim) | Chair Elect (Nov-Jun) | President | Highline Community College |
| Dr. Thomas Crow | Member-at-Large | Chancellor | State Center Community College District |
| Dr. Kent Sharples | Past Chair | President | Daytona Beach Community College |
| Dr. Mick Starceovich | Secretary/Treasurer | President | Kirkwood Community College |
| John Halder | | President | CCID |

Board of Directors

| | | | |
|---------------------------|--------|-----------------|--------------------------------------------|
| Dr. Mary Rittling | Member | President | Davidson County Community College |
| Dr. Orlando George Jr. | Member | President | Delaware Technical and Community College |
| Dr. Patricia Keir | Member | Chancellor | Eastern Iowa Community College District |
| Mr. Richard Rutkowski | Member | President | Green River Community College |
| Dr. V. Clyde Muse | Member | President | Hinds Community College |
| Dr. Mary Ellen Duncan | Member | President | Howard Community College |
| Dr. Robert A. Gordon | Member | President | Humber College |
| Dr. Kunihiko Ukifune | Member | CEO | Jikei Group of Colleges |
| Dr. Maria Harper-Marinick | Member | Vice-Chancellor | Maricopa County Community Colleges |
| Dr. Vernon Crawley | Member | President | Moraine Valley Community College |
| Dr. John E. Pickelman | Member | Chancellor | North Harris Montgomery Community College |
| Dr. Arthur Scott | Member | President | Northampton Community College |
| Ms. Zelema Harris | Member | President | Parkland College |
| Dr. Roy Flores | Member | Chancellor | Pima County Community College District |
| Dr. Eddie Hernandez | Member | Chancellor | Rancho Santiago Community College District |
| Dr. Steven Johnson | Member | President | Sinclair Community College |
| Dr. Henry Shannon | Member | Chancellor | St. Louis Community College District |
| Dr. Carl Haynes | Member | President | Tompkins Cortland Community College |
| Dr. John Morton | Member | Vice-Chancellor | University of Hawaii Community Colleges |
| Dr. Barbara Prindiville | Member | President | Waukesha County Technical College |

Community Colleges for International Development, Inc.



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Independent Auditor's Report

To the Board of Directors of Community
Colleges for International Development, Inc.:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of Community Colleges for International Development, Inc., Cedar Rapids, Iowa, as of and for the year ended June 30, 2007. These financial statements are the responsibility of Community Colleges for International Development, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 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 Community Colleges for International Development, Inc. as of June 30, 2007, and its activities and changes in net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2007 on our consideration of Community Colleges for International Development, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 and should be considered in assessing the results of our audit.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 29, 2007

Exhibit A

Community Colleges for International Development, Inc.

Statement of Financial Position

June 30, 2007

Assets

Current assets:

| | |
|-----------------------------|--------------|
| Cash and pooled investments | \$ 172,316 |
| Prepaid expense | <u>4,289</u> |

Total assets\$ 176,605**Liabilities and Net Assets**

Current liabilities:

| | |
|---------------------------|---------------|
| Accounts payable | \$ 67,692 |
| Deferred revenue | 22,266 |
| Compensated absences | <u>9,694</u> |
| Total current liabilities | <u>99,652</u> |

Noncurrent liabilities:

| | |
|----------------------|----------------|
| Compensated absences | <u>20,619</u> |
| Total liabilities | <u>120,271</u> |

Net assets:

| | |
|------------------------|---------------|
| Unrestricted | 51,606 |
| Temporarily restricted | <u>4,728</u> |
| Total net assets | <u>56,334</u> |

Total liabilities and net assets\$ 176,605

See notes to financial statements.

Community Colleges for International Development, Inc.

Statement of Activities and Changes in Net Assets

Year ended June 30, 2007

| | Temporarily | | Total |
|----------------------------------------------------------------|--------------|------------|-----------|
| | Unrestricted | Restricted | |
| Revenue, grants and other support: | | | |
| Membership dues | \$ 192,596 | - | 192,596 |
| Study abroad programs | 199,295 | - | 199,295 |
| Conference fees | 77,992 | - | 77,992 |
| Presidents visits | 72,464 | - | 72,464 |
| Professional development | 112,154 | - | 112,154 |
| Institute income | 11,855 | - | 11,855 |
| Grants | 52,655 | - | 52,655 |
| Total revenue, grants and other support | 719,011 | - | 719,011 |
| Expenses: | | | |
| Program services | 504,786 | 626 | 505,412 |
| Support services | 328,203 | - | 328,203 |
| Total expenses | 832,989 | 626 | 833,615 |
| Deficiency of revenue, grants and other support under expenses | (113,978) | (626) | (114,604) |
| Capital contribution - proceeds from merger | 99,391 | - | 99,391 |
| Change in net assets | (14,587) | (626) | (15,213) |
| Net assets beginning of year | 66,193 | 5,354 | 71,547 |
| Net assets end of year | \$ 51,606 | 4,728 | 56,334 |

See notes to financial statements.

Exhibit C

Community Colleges for International Development, Inc.

Statement of Functional Expenses

Year ended June 30, 2007

| | <u>Program</u> | <u>Support</u> | |
|------------------------|-------------------|-----------------|----------------|
| | <u>Services</u> | <u>Services</u> | <u>Total</u> |
| Administration | \$ 24,752 | 201,073 | 225,825 |
| Professional services | 10,526 | 2,587 | 13,113 |
| Communications | 173 | 1,942 | 2,115 |
| Annual conference | - | 53,974 | 53,974 |
| Summer institute | - | 9,472 | 9,472 |
| Other services | 13,288 | 23,936 | 37,224 |
| Materials and supplies | 3,791 | 4,412 | 8,203 |
| Travel | 452,882 | 30,807 | 483,689 |
| Total | <u>\$ 505,412</u> | <u>328,203</u> | <u>833,615</u> |

See notes to financial statements.

Community Colleges for International Development, Inc.

Statement of Cash Flows

Year ended June 30, 2007

| | |
|------------------------------------------------------------------------------------------------------------------------------|--------------|
| Cash flows from operating activities: | |
| Cash received from operating activities | \$ 665,723 |
| Cash paid to employees and for goods and services | 707,145 |
| Net cash used by operating activities | (41,422) |
| Cash flows from non-operating activities: | |
| Capital contribution - proceeds from merger | 99,391 |
| Net increase in cash and cash equivalents | 57,969 |
| Cash and cash equivalents beginning of year | 114,347 |
| Cash and cash equivalents end of year | \$ 172,316 |
| Reconciliation of change in net assets provided by operating activities: | |
| Deficiency of revenue, grants and other support under expenses | \$ (114,604) |
| Adjustments to reconcile change in deficiency of revenue, grants and other support to net cash used by operating activities: | |
| Decrease in accounts receivable | 9,016 |
| Decrease in prepaid expense | 49,835 |
| Increase in accounts payable | 66,129 |
| (Decrease) in deferred revenue | (62,304) |
| Increase in compensated absences | 10,506 |
| Net cash used by operating activities | \$ (41,422) |

See notes to financial statements.

Community Colleges for International Development, Inc.

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Organization

Community Colleges for International Development, Inc. (CCID) is a consortium of 169 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 the Kirkwood Community College campus in Cedar Rapids, Iowa since September 1998. The employees of CCID are employees of Kirkwood Community College.

Method of Accounting

The financial statements of Community Colleges for International Development, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted net assets – Net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of CCID pursuant to those stipulations or that expire by the passage of time.

Estimates

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

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.

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 compensated absences is recorded as a liability. This liability has been computed based on rates of pay in effect at June 30, 2007.

Tax Status

The organization is an exempt organization for federal income tax purposes under section 501(c)(3) of the Internal Revenue Code. The organization is considered a public charity under the Internal Revenue Code.

(2) Cash and Pooled Investments

CCID has commingled its cash with Kirkwood Community College to obtain greater flexibility and efficiency. Kirkwood Community College's deposits at June 30, 2007 were entirely 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.

(3) Deferred Revenue

Deferred revenue of \$22,266 consists of membership dues of \$12,476 for the year ending June 30, 2008 and registration fees of \$9,790 for the 2007 summer institute received prior to June 30, 2007.

(4) 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 for the College. TIAA administers the retirement plan for the 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. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.70% and CCID is required to contribute 5.75%. CCID's and the employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2007 were \$9,342 and \$6,011, respectively.

(5) Early Retirement and Contingent Liability

CCID employees are considered employees of Kirkwood Community College. Full-time certified staff who will be at least 55 years of age and who have at least 10 years of service with Kirkwood Community College are eligible for early retirement. Retirement would begin at the end of the employee's contract.

No CCID employees have elected early retirement as of June 30, 2007, so there is no liability. However, at June 30, 2007, the potential liability, if the eligible employee accepted early retirement, was approximately \$140,000.

(6) Merger with ACIIE

On January 1, 2007, the American Council for International Intercultural Education (ACIIE) merged into CCID. CCID received cash of \$99,391 to effect the merger.

**Independent Auditor's 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**



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Independent Auditor's 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

To the Board of Directors of Community
Colleges for International Development, Inc.:

We have audited the accompanying financial statements of Community Colleges for International Development, Inc., Cedar Rapids, Iowa, as of and for the year ended June 30, 2007, and have issued our report thereon dated October 29, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Colleges for International Development, Inc.'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 an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Colleges for International Development, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Community Colleges for International Development, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Community Colleges for International Development's Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Community Colleges for International Development Inc.'s internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Community Colleges for International Development, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item (1) is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Colleges for International Development, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about Community Colleges for International Development, Inc.'s operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Community Colleges for International Development, Inc. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

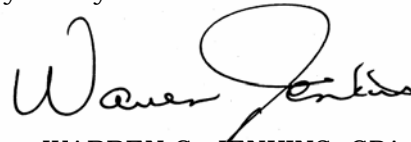
Community Colleges for International Development, Inc.'s responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on Community Colleges for International Development, Inc.'s responses, we did not audit Community Colleges for International Development, Inc.'s responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Community Colleges for International Development, Inc. and other parties to whom Community Colleges for International Development, Inc. may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Community Colleges for International Development, Inc. and Kirkwood Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 29, 2007

Community Colleges for International Development, Inc.

Schedule of Findings

June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (1) Credit Cards – Community Colleges for International Development, Inc. does not have a written credit card policy. Also, two non-employees are authorized to use credit cards issued in the name of Community Colleges for International Development, Inc.

Recommendation – Community Colleges for International Development, Inc. should develop a written credit card policy and should consider eliminating credit card usage by individuals not employed by Community Colleges for International Development, Inc.

Response – CCID will work with Kirkwood Community College to develop a policy to address the deficiency regarding the credit card policy.

Conclusion – Response accepted.

- (2) Disbursements – Six of six wire transfers tested did not have written authorization by the President.

Recommendation – Community Colleges for International Development, Inc. should obtain written authorization by the President prior to initiating wire transfers.

Response – CCID will work with Kirkwood Community College to develop a policy to address the deficiency regarding wire transfers.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE

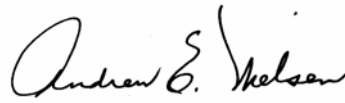
No matters were noted.

Community Colleges for International Development, Inc.

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Jeffrey L. Lenhart, Staff Auditor
Tiffany M. Maske, Assistant Auditor
Andrew E. Nielsen, CPA

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA
Deputy Auditor of State