

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.

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Independent Auditors' Report

To the Board of Governors
Hartford Consortium for Higher Education, Inc.

We have audited the accompanying statement of financial position of Hartford Consortium for Higher Education, Inc., as of June 30, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2009 financial statements were audited by other auditors, whose report, dated November 23, 2009, expressed an unqualified opinion on those financial statements.

We conducted our audit 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 Consortium'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 audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of Hartford Consortium for Higher Education, Inc., as of June 30, 2010 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

November 23, 2010

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 426,095	\$ 369,428
Investments	-	105,085
Accounts receivable	29,000	-
Contributions receivable	23,000	3,000
Property and equipment, net	<u>541</u>	<u>1,940</u>
Total Assets	\$ <u>478,636</u>	\$ <u>479,453</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ <u>34,414</u>	\$ <u>41,380</u>
Net Assets		
Unrestricted	298,046	316,902
Temporarily restricted	<u>146,176</u>	<u>121,171</u>
Total net assets	<u>444,222</u>	<u>438,073</u>
Total Liabilities and Net Assets	\$ <u>478,636</u>	\$ <u>479,453</u>

The accompanying notes are an integral part of these financial statements

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Support						
Grant revenue	\$ 23,500	\$ 180,500	\$ 204,000	\$ 5,000	\$ -	\$ 5,000
Gift revenue	-	1,325	1,325	75,184	148,750	223,934
Other income	564	-	564	1,809	-	1,809
Membership assessments:						
Saint Joseph College	22,000	-	22,000	22,000	-	22,000
University of Hartford	22,000	-	22,000	22,000	-	22,000
Trinity College	22,000	-	22,000	22,000	-	22,000
Capital Community College	18,000	-	18,000	18,000	-	18,000
Goodwin College	18,000	-	18,000	18,000	-	18,000
University of Connecticut	18,000	-	18,000	18,000	-	18,000
Central Connecticut						
State University	18,000	-	18,000	18,000	-	18,000
Rensselaer at Hartford	11,000	-	11,000	11,000	-	11,000
Hartford Seminary	6,000	-	6,000	11,000	-	11,000
Charter Oak State College	5,500	-	5,500	4,700	-	4,700
Saint Thomas Seminary	1,100	-	1,100	1,100	-	1,100
Connecticut Public Television	750	-	750	1,350	-	1,350
Subtotal	186,414	181,825	368,239	249,143	148,750	397,893
Net assets released from restriction	156,820	(156,820)	-	140,150	(140,150)	-
Total revenue and support	343,234	25,005	368,239	389,293	8,600	397,893
Expenses						
Payroll and fringe benefits	271,734	-	271,734	261,240	-	261,240
Rent	22,273	-	22,273	13,200	-	13,200
Contracted services	12,179	-	12,179	17,948	-	17,948
Transportation and training	10,831	-	10,831	22,455	-	22,455
Professional services	8,950	-	8,950	15,200	-	15,200
Meals	8,430	-	8,430	9,567	-	9,567
Supplies	6,015	-	6,015	7,416	-	7,416
Consortium grants	4,980	-	4,980	5,120	-	5,120
Insurance	4,282	-	4,282	4,277	-	4,277
Printing and photocopying	2,985	-	2,985	10,534	-	10,534
Telephone	2,900	-	2,900	3,060	-	3,060
Other	2,200	-	2,200	1,800	-	1,800
Administrative overhead	1,500	-	1,500	1,500	-	1,500
Depreciation	1,225	-	1,225	1,485	-	1,485
Memberships	694	-	694	1,234	-	1,234
Postage	592	-	592	2,974	-	2,974
Advertising	-	-	-	5,649	-	5,649
Book Scholarship	320	-	320	150	-	150
Total expenses	362,090	-	362,090	384,809	-	384,809
Increase (Decrease) in Net Assets	(18,856)	25,005	6,149	4,484	8,600	13,084
Net Assets - Beginning of Year	316,902	121,171	438,073	312,418	112,571	424,989
Net Assets - End of Year	\$ 298,046	\$ 146,176	\$ 444,222	\$ 316,902	\$ 121,171	\$ 438,073

The accompanying notes are an integral part of these financial statements

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 6,149	\$ 13,084
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,225	1,485
Loss on disposal of property and equipment	174	-
(Increase) decrease in operating assets:		
Accounts receivable	(29,000)	200
Contributions receivable	(20,000)	(3,000)
Decrease in operating liabilities:		
Accounts payable and accrued expenses	(6,966)	(4,562)
Net cash provided by (used in) operating activities	<u>(48,418)</u>	<u>7,207</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	105,085	-
Purchases of investments	-	(991)
Net cash provided by (used in) investing activities	<u>105,085</u>	<u>(991)</u>
Net Increase in Cash and Cash Equivalents	56,667	6,216
Cash and Cash Equivalents - Beginning of Year	<u>369,428</u>	<u>363,212</u>
Cash and Cash Equivalents - End of Year	<u>\$ 426,095</u>	<u>\$ 369,428</u>

The accompanying notes are an integral part of the financial statements

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity - On September 15, 1972, the Hartford Consortium for Higher Education, Inc. (the Consortium) was incorporated in the State of Connecticut for the purpose of fostering, encouraging and administering the combination and integration of curricula, administrative facilities and resources and financial management services of educational and related cultural and charitable institutions in the Hartford area. The Consortium is comprised of the following member, associate member and affiliate member institutions: Capital Community College, Central Connecticut State University, Goodwin College, Hartford Seminary, Rensselaer at Hartford, Saint Joseph College, Trinity College, University of Connecticut, University of Hartford, Charter Oak State College, Saint Thomas Seminary and Connecticut Public Television.

Each member academic institution appoints one representative to the Board of Governors.

The Consortium has administered Career Beginnings, a community outreach program, since 1986. Career Beginnings is an educational initiative that links higher education, public school districts, business and community volunteers in a cooperative effort to increase the number of Hartford students who pursue higher education. Career Beginnings assists urban students through individual guidance from volunteer mentors, counseling, case review, workshops and exposure to local colleges and universities.

Basis of Accounting and Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Consortium are reported in the following net asset categories.

Unrestricted Net Assets - Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Governors.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

As of June 30, 2010 and 2009, temporarily restricted net assets of \$146,176 and \$121,171, respectively, are restricted for use for the Career Beginnings program.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash - The Consortium maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Consortium's deposits are not subject to significant credit risk. As of June 30, 2010 and 2009, the University of Hartford, as fiscal agent, held a portion of the cash balance and segregated the funds within the University of Hartford's financial system. The balance held by the University of Hartford at June 30, 2010 and 2009, was \$176,095 and \$369,428, respectively.

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments in equity securities with readily determinable fair values and investments in debt securities are carried at fair value in the statements of financial position.

Accounts Receivable - Accounts receivable represents amounts owed to the Consortium for membership assessment fees by member institutions.

Contributions Receivable - Receivables are from donors that have a history of supporting the Consortium. Contributions receivable as of June 30, 2010 are expected to be collected in less than one year, and management believes no allowance for uncollectible amounts is necessary.

Property and Equipment - Property and equipment acquisitions and improvements thereon that exceed \$1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Repairs and maintenance are charged to expense as incurred.

Contributions - Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. The Consortium's contributions receivable are all expected to be collected within one year. The Consortium reports nongovernmental contributions and grants of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Membership Assessment Revenue - Each member is assessed a fee based upon the level of program participation. Assessment fee revenues from member institutions are recognized in the period to which they apply. Assessment fees received in advance of the year to which they relate are deferred.

Income Taxes - The Consortium is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. The Consortium's tax returns for the years ended June 30, 2007 through 2010 are subject to examination by the Internal Revenue Service and the State of Connecticut.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in Note 5. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Advertising - The Consortium expenses advertising costs as incurred. Advertising expense totaled \$-0- and \$5,649 for the years ended June 30, 2010 and 2009, respectively.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through November 23, 2010, which represents the date the financial statements were available to be issued.

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - FAIR VALUE

The fair values of investments are determined using quoted prices for identical assets in active markets to which the Consortium has access at the measurement date (Level 1, as defined in GAAP).

Investments as of June 30, 2009 consisted of certificates of deposit.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 12,311	\$ 15,839
Less accumulated depreciation	<u>(11,770)</u>	<u>(13,899)</u>
Net Property and Equipment	<u>\$ 541</u>	<u>\$ 1,940</u>

Depreciation expense was \$1,225 and \$1,485 for the years ended June 30, 2010 and 2009, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS

Pursuant to a resolution of the Board of Governors of the Consortium, the University of Hartford was appointed fiscal agent of the Consortium for purposes of receiving and disbursing funds on behalf of the Consortium for the year ended June 30, 2010. Effective July 1, 2010, the Board of Governors resolved that MetroHartford Alliance, Inc., an unrelated party, will serve as fiscal agent of the Consortium. Annual fees to be charged by MetroHartford, Alliance, Inc., will be \$10,536 for financial accounting services and administrative support.

The Consortium utilizes Trinity College for payroll services. As of June 30, 2010 and 2009, the Consortium owed \$15,241 and \$24,517, respectively, to Trinity for payroll costs.

HARTFORD CONSORTIUM FOR HIGHER EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - EXPENSES BY FUNCTION

Expenses by function for the years ended June 30, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Program services	\$ 262,666	\$ 314,079
General and administrative	<u>99,424</u>	<u>70,730</u>
Total Expenses	<u>\$ 362,090</u>	<u>\$ 384,809</u>

NOTE 6 - LEASE COMMITMENTS

The Consortium leases office space under an operating lease that expires on June 30, 2011. Rent expense under the lease totaled \$22,273 and \$13,200 for the years ended June 30, 2010 and 2009, respectively.