

**NORTH TEXAS COMMUNITY
COLLEGE CONSORTIUM**

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

AUGUST 31, 2016

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**HANKINS, EASTUP, DEATON,
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Texas Community College Consortium

We have audited the accompanying financial statements of North Texas Community College Consortium (a nonprofit organization), which comprise the statement of financial position as of August 31, 2016 and the related statements of activities and cash flows for the year 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 audit. 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 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 North Texas Community College Consortium as of August 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
Denton, Texas
June 6, 2017

NORTH TEXAS COMMUNITY COLLEGE CONSORTIUM

STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016

ASSETS

Current Assets:

Petty Cash	\$ 50
Cash in Wells Fargo Bank	282,137
Cash held by UNT	750
Supplies Inventory	5,833
Prepaid Expenses	1,552
Total Current Assets	<u>290,322</u>

Total Assets \$ 290,322

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 7,965
Unearned CLARA Fees	23,400
Unearned Event Fees/Sponsorships	14,773
Unearned Membership Dues	115,194
Total Current Liabilities	<u>161,332</u>

Net Assets:

Unrestricted	<u>128,990</u>
Total Net Assets	<u>128,990</u>

Total Liabilities and Net Assets \$ 290,322

See Accompanying Notes to Financial Statements.

NORTH TEXAS COMMUNITY COLLEGE CONSORTIUM

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2016

Revenue:	
Dues from member colleges	\$ 223,127
Consortium reserve fund	42,684
Workshop/conference fees	61,361
CLARA participant fees	39,600
Interest	40
Total Revenue	<u>366,812</u>
Expenses:	
Salary-president	128,750
Salary-administrative coordinators	78,739
Benefits-president	26,522
Equipment lease	3,250
Telephone	1,889
Supplies	1,388
Postage and printing	174
Contract services	1,500
Small equipment and software	552
Local travel	1,367
Repair and maintenance	256
Other operating expenses	18
Board and Committee expenses	1,749
Conference and events expenses	27,141
Meeting expenses	7,491
CLARA expenses	29,242
Travel and meetings	4,108
Total Expenses	<u>314,136</u>
Change in Net Assets	52,676
Net Assets, Beginning of Year	<u>76,314</u>
Net Assets, End of Year	<u>\$ 128,990</u>

See Accompanying Notes to Financial Statements.

NORTH TEXAS COMMUNITY COLLEGE CONSORTIUM

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ 52,676
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Decrease (increase) in supplies inventory	1,557
Decrease (increase) in prepaid expenses	3,919
Increase (decrease) in accounts payable	5,875
Increase (decrease) in unearned fees/dues	<u>111,921</u>
Net cash provided by operating activities	<u>175,948</u>
Net increase in cash and cash equivalents	175,948
Cash and cash equivalents at beginning of year	<u>106,989</u>
Cash and cash equivalents at end of year	<u>\$ 282,937</u>

See Accompanying Notes to Financial Statements.

NORTH TEXAS COMMUNITY COLLEGE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The North Texas Community College Consortium (NTCCC) was established in 1989 in cooperation with the University of North Texas (UNT) as an interinstitutional, two-year college consortium devoted to improving undergraduate education through a variety of staff development and research projects. The consortium focuses on low-cost, high-yield approaches to improving teaching and learning, emphasizing better utilization and sharing of resources through interinstitutional collaboration. NTCCC is governed by a Board of Directors consisting of one member from each member-college district. The primary source of revenue is dues from member-college districts.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues and related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

Income Tax Status

NTCCC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The organization is classified as other than a private foundation. During the period under audit, NTCCC's tax exempt status was accomplished through its affiliation with the University of North Texas. It is the intention of NTCCC to maintain this affiliation in the future.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers all highly liquid investments to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – RELATIONSHIP WITH THE UNIVERSITY OF NORTH TEXAS

From 1989 through 1992, NTCCC was affiliated with the Department of Higher and Adult Education, University of North Texas. The President was appointed by the University of North Texas with the advice and consent of the Board of Directors of NTCCC.

In 1992, an agreement was reached by the NTCCC Board of Directors, the University of North Texas administration, and the Dallas County Community College District (DCCCD) administration whereby a DCCCD senior administrator would serve as President. In September, 2014, that administrator retired and a Tarrant County College District (TCCD) administrator currently serves in the President's position.

NORTH TEXAS COMMUNITY COLLEGE CONSORTIUM

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AUGUST 31, 2016

NOTE B – RELATIONSHIP WITH THE UNIVERSITY OF NORTH TEXAS (Continued)

The Consortium currently is a University-wide initiative of the Provost's Office of UNT. The President works primarily with the Vice Provost for Academic Affairs. The review-and-approval process for purchases, budget requests, etc. is through the Provost. All budgetary requests are also reviewed and approved by the Board.

UNT provides office space and overhead for the Consortium. The President of the Consortium is considered an employee of TCCD for payroll reporting purposes, while the administrative coordinator and administrative specialist are considered employees of UNT. No amounts have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such service.

NOTE C – DUES FROM MEMBER COLLEGES

NTCCC is funded in part by membership fees paid annually by member-college districts. The annual fee per member is based in part on the number of contact hours reported by each member college. During the 2015-16 year, twenty-two member-college districts paid a total of \$223,127 in membership fees. \$78,739 of this total was paid by UNT through their payment of the payroll costs of the administrative coordinator and the administrative specialist.

NOTE D – FAIR VALUE OF FINANCIAL INSTRUMENTS

NTCCC has estimated fair value of financial instruments in accordance with requirements of SFAS No. 157. The estimated fair value amounts have been determined by NTCCC using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that NTCCC could realize in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value amounts. The carrying amount of cash and unearned fees approximated fair market value at August 31, 2016 because of their relatively short maturity and market terms.

NOTE E – SUBSEQUENT EVENTS

Management has reviewed events subsequent to August 31, 2016 through June 6, 2017, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

NOTE F – CREDIT RISK

Certain financial instruments potentially subject the Consortium to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents. The cash policy of the Consortium limits the amount of credit exposure by requiring that cash be placed with high credit quality financial institutions. From time to time during the year bank balances exceeded the \$250,000 FDIC insured limit. At August 31, 2016, the Consortium had \$31,882 in uninsured bank balances.