GradCenter
QUAD-CITIES GRADUATE STUDY CENTER

RECEIVED
MAR 02 2012
BOARD OF REGENTS
STATE OF IOWA

February 21, 2012

2011 Independent Auditor's Report
Andrea L. Anania
Board of Regents
11260 Aurora Ave
Urbandale IA 50322-7905

Dear Andrea:

Enclosed is the FY2011 Independent Auditor's Report - Iowa Board of Regents Grant.

I believe this completes the submission of all necessary information requested. If further information is needed, please feel free to contact us.

Thank you for your continued support.

Sincerely,

Marti Clyde

Marti Clyde
Director

Enclosure

NEWVENTURES CENTER 331 W. 3rd Street Suite 100, Room 128 Davenport, IA 52801 (563) 322-0016
WIU-QC 3561 60th Street Moline, IL 61265 (309) 762-9481 e-mail: QC@gradcenter.org web:www.gradcenter.org

CARPENTIER
MITCHELL · GODDARD
& COMPANY · LLC
CERTIFIED PUBLIC ACCOUNTANTS
4915 - 21st Avenue A. · Moline, Illinois 61265
Ph. (309) 762-3626 · Fax (309) 762-4465

INDEPENDENT AUDITORS' REPORT - BOARD OF REGENTS, STATE OF IOWA GRANT

To the Board of Directors of
Quad-Cities Graduate Study Center and
to the Board of Regents, State of Iowa
Moline, Illinois

We have audited the statement of revenue and expenditures of the Board of Regents, State of Iowa Grant administered by Quad-Cities Graduate Study Center for the year ended June 30, 2011. The statement is the responsibility of the Grantee's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 statement of revenue and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present the revenue and expenditures of the Board of Regents, State of Iowa Grant, administered by Quad-Cities Graduate Study Center for the year ended June 30, 2011, and is not intended to be a complete presentation of the revenue and expenditures of Quad-Cities Graduate Study Center.

In our opinion, the statement referred to above presents fairly, in all material respects, the revenue and expenditures of the Board of Regents, State of Iowa Grant, administered by Quad-Cities Graduate Study Center for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Directors and management of Quad-Cities Graduate Study Center and the Board of Regents, State of Iowa. However, this report is a matter of public record and its distribution is not limited.

Carpentier, Mitchell, Goddard & Company, LLC

Moline, Illinois
January 27, 2012

QUAD-CITIES GRADUATE STUDY CENTER
BOARD OF REGENTS, STATE OF IOWA
QUAD-CITIES GRADUATE STUDY CENTER PROJECT
STATEMENT OF REVENUE AND EXPENDITURES
For the Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Grant revenue	$ 134,665	$ 134,665	$ -
EXPENDITURES			
Personnel services and benefits	$ 76,137	$ 76,137	$ -
Contractual services	43,758	43,807	(49)
Travel	15	16	(1)
Commodities	2,199	2,199	-
Printing	5,748	5,748	-
Capital equipment	2,036	2,036	-
Telecommunications	2,672	2,672	-
Audit	2,100	2,100	-
Total Expenditures	$ 134,665	$ 134,715	$ (50)
Revenue over (under) expenses	$ -	$ (50)	$ (50)

QUAD-CITIES GRADUATE STUDY CENTER

Rock Island, Illinois

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT

June 30, 2011 and 2010

QUAD-CITIES GRADUATE STUDY CENTER
June 30, 2011 and 2010

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement 1 - Statements of Financial Position	3
2 - Statements of Activities and Change in Net Assets	4
3 - Statements of Functional Expenses	5
4 - Statements of Cash Flows	6
Notes to Financial Statements	7 - 9
SUPPLEMENTARY INFORMATION	
Exhibit 1 - Schedule of Revenues and Expenses – Budget and Actual	10
INDEPENDENT AUDITORS' 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*	11 – 12

CARPENTIER
MITCHELL · GODDARD
& COMPANY · LLC
CERTIFIED PUBLIC ACCOUNTANTS
4915 - 21st Avenue A. · Moline, Illinois 61265
Ph. (309) 762-3626 · Fax (309) 762-4465

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Quad-Cities Graduate Study Center
Rock Island, Illinois

We have audited the accompanying statements of financial position of Quad-Cities Graduate Study Center (an Illinois nonprofit corporation), as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. 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 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 that 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 Quad-Cities Graduate Study Center, as of June 30, 2011 and 2010 and the changes in net assets, functional expenses and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated on January 27, 2012, on our consideration of Quad-Cities Graduate Study Center's internal control over financial reporting and on 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of Quad-Cities Graduate Study Center taken as a whole. The supplemental information presented on page 10 is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Carpenter, Mitchell, Goddard & Company, L.L.C.

Moline, Illinois
January 27, 2012

QUAD-CITIES GRADUATE STUDY CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	$ 83,230	$ 56,487
Certificates of deposit	154,742	153,341
Accounts receivable	29	3,982
State of Illinois grant receivable	130,000	130,000
Total current assets	$ 368,001	$ 343,810
FIXED ASSETS		
Equipment	$ 94,606	$ 89,363
Accumulated depreciation	(74,637)	(58,829)
Net fixed assets	$ 19,969	$ 30,534
Total assets	$ 387,970	$ 374,344

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 30,069	$ 26,868
Deferred revenue	62,153	45,625
Total liabilities	$ 92,222	$ 72,493
NET ASSETS		
Unrestricted	$ 295,748	$ 301,851
Total liabilities and net assets	$ 387,970	$ 374,344

See notes to financial statements.

QUAD-CITIES GRADUATE STUDY CENTER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
Grants from Governmental Agencies:			
State of Illinois - Board of Higher Education	$ 113,472	$ -	$ 113,472
State of Iowa - Board of Regents	134,665	-	134,665
Total grants from governmental agencies	$ 248,137	$ -	$ 248,137
Other Revenues:			
Interest income	$ 1,747	$ -	$ 1,747
Other income	4,181	-	4,181
Total other revenues	$ 5,928	$ -	$ 5,928
Total revenues	$ 254,065	$ -	$ 254,065
Expenses:			
Program Services:			
Academic	$ 221,144	$ -	$ 221,144
Supporting Services:			
Management and general	38,503	-	38,503
Fundraising	521	-	521
Total expenses	$ 260,168	$ -	$ 260,168
Changes in net assets	$ (6,103)	$ -	$ (6,103)
NET ASSETS - Beginning	301,851	-	301,851
NET ASSETS - Ending	$ 295,748	$ -	$ 295,748

2010		
Unrestricted	Temporarily Restricted	Total
$ 84,375	$ -	$ 84,375
134,665	-	134,665
$ 219,040	$ -	$ 219,040
$ 2,853	$ -	$ 2,853
2,286	-	2,286
$ 5,139	$ -	$ 5,139
$ 224,179	$ -	$ 224,179
$ 196,808	$ -	$ 196,808
34,174	-	34,174
555	-	555
$ 231,537	$ -	$ 231,537
$ (7,358)	$ -	$ (7,358)
309,209	-	309,209
$ 301,851	$ -	$ 301,851

See notes to financial statements.

QUAD-CITIES GRADUATE STUDY CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2011 and 2010

	2011			
	Program Services	Supporting Services		
	Academic	Management and General	Fundraising	Total
Personnel	$ 130,550	$ 22,516	$ 521	$ 153,587
Contractual	57,916	10,221	-	68,137
Travel	8	1	-	9
Commodities and equipment	3,140	554	-	3,694
Telecommunications	12,523	2,210	-	14,733
Audit	3,570	630	-	4,200
Depreciation	13,437	2,371	-	15,808
Total	$ 221,144	$ 38,503	$ 521	$ 260,168

	2010			
	Program Services	Supporting Services		
	Academic	Management and General	Fundraising	Total
Personnel	$ 138,961	$ 23,967	$ 555	$ 163,483
Contractual	35,351	6,238	-	41,589
Travel	375	66	-	441
Commodities and equipment	2,625	463	-	3,088
Telecommunications	2,562	452	-	3,014
Audit	3,570	630	-	4,200
Depreciation	13,364	2,358	-	15,722
Total	$ 196,808	$ 34,174	$ 555	$ 231,537

See notes to financial statements.

QUAD-CITIES GRADUATE STUDY CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (6,103)	$ (7,358)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	15,808	15,722
(Increase) decrease in receivables	3,953	(133,360)
(Increase) decrease other assets	-	874
Increase (decrease) in accounts payable and accrued expenses	3,201	(169)
Increase (decrease) in deferred revenue	16,528	45,625
Net cash provided (used) by operating activities	$ 33,387	$ (78,666)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net maturities of certificates of deposit	$ (1,401)	$ 46,659
Purchase of equipment	(5,243)	(3,605)
Net cash provided (used) by investing activities	$ (6,644)	$ 43,054
Net decrease in cash and cash equivalents	$ 26,743	$ (35,612)
Cash and cash equivalents - Beginning	56,487	92,099
Cash and cash equivalents - Ending	$ 83,230	$ 56,487

See notes to financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS -

Quad-Cities Graduate Study Center is a voluntary academic consortium of universities. The institutions of higher education provide graduate-level educational opportunities in the Quad-Cities area through the Center.

A summary of the Organization's significant accounting policies follows:

ACCOUNTING ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles 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 public support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

BASIS OF PRESENTATION -

The Center's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center 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 the Center and/or the passage of time. As of June 30, 2011 and 2010, the Center had no temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor by actions of the Center. As of June 30, 2011 and 2010, the Center had no permanently restricted net assets.

CASH AND CASH EQUIVALENTS -

For purposes of reporting cash flows, the Center considered all cash on deposit and certificates of deposit, with original maturities of three months or less, to be cash equivalents.

EQUIPMENT -

Equipment is carried at cost and depreciated by the straight-line method over the assets estimated useful lives (3-7 years).

NOTE 1 - (Continued)

REVENUE RECOGNITION -

Operating grants from governmental agencies are accounted for as exchange transactions and recognized as revenue in the period in which the related expenditures are incurred.

ADVERTISING COSTS –

Advertising costs are expensed as incurred.

INCOME TAX STATUS -

Quad-Cities Graduate Study Center is exempt from income tax under Internal Revenue Code Section 501(c)(3) and comparable state law. The Center has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the code.

NOTE 2 – PENSION PLANS

Certain employees of the Center are covered under a tax-deferred retirement annuity arrangement under Internal Revenue Code Section 403(b). Contributions under this plan are made subject to employee salary reduction agreements with no matching employer contribution.

NOTE 3 – COMMITMENTS

The Center leased office and classroom space under an agreement, which expired August 31, 2011, and required the Center to pay monthly rent. The lease was permanently terminated on August 31, 2011 and the Center moved to a new location at Western Illinois University in Moline, IL.

Total rental expense was $24,304 and $30,378 for the years ended June 30, 2011 and 2010, respectively. Rental expense is reported in the financial statements with contractual services.

NOTE 4 – MAJOR CONTRIBUTORS

The Center received grants from Illinois and Iowa state education agencies, which accounted for over 97% of revenue for the years ended June 30, 2011 and 2010.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Center maintains cash and temporary cash investments at several financial institutions located in the Quad-Cities area. Deposits may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) of up to $250,000. Management believes that credit risk related to these deposits is minimal.

NOTE 6 – STATE OF ILLINOIS GRANT

The Center was awarded a $130,000 grant from the State of Illinois with a grant period of November 1, 2010 through October 31, 2011. As of June 30, 2011, the money had not been received by the Center and is recorded as a receivable. During the year ended June 30, 2011, $67,847 was expended and recorded as revenue. The remaining $62,153 is recorded as deferred revenue and was expended subsequent to year end.

In July 2011, the Center received the full $130,000 payment from the State of Illinois.

NOTE 7 – SUBSEQUENT EVENTS

In accordance with accounting standards, the Center evaluated subsequent events through January 27, 2012, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

QUAD-CITIES GRADUATE STUDY CENTER
SCHEDULE OF REVENUE AND EXPENSES - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Grants from State of Illinois	$ 130,000	$ 113,472	$ (16,528)
Grant from Board of Regents, State of Iowa	134,665	134,665	-
Other revenue	-	5,928	5,928
Total revenue	$ 264,665	$ 254,065	$ (10,600)
OPERATING EXPENSES			
Personnel and benefits	$ 204,037	$ 153,587	$ 50,450
Contractual	49,628	68,137	(18,509)
Travel	1,000	9	991
Commodities	1,500	3,469	(1,969)
Equipment	500	-	500
Printing	500	129	371
Telecommunications, actual including capital items $5,243	2,000	19,976	(17,976)
Audit	5,500	4,200	1,300
Other	-	96	(96)
Operating expenses including capital items, before depreciation	$ 264,665	$ 249,603	$ 15,062
Depreciation	-	15,808	(15,808)
Total expenses, including capital items	$ 264,665	$ 265,411	$ (746)
Revenue over (under) expenses	$ -	$ (11,346)	$ (11,346)

See auditors' report.

CARPENTIER
MITCHELL · GODDARD
& COMPANY · LLC
CERTIFIED PUBLIC ACCOUNTANTS

4915 - 21st Avenue A. · Moline, Illinois 61265
Ph. (309) 762-3626 · Fax (309) 762-4465

INDEPENDENT AUDITORS' 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
Quad-Cities Graduate Study Center
Rock Island, Illinois

We have audited the accompanying financial statements of Quad-Cities Graduate Study Center (an Illinois nonprofit corporation), as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated January 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Quad-Cities Graduate Study Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Quad-Cities Graduate Study Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quad-Cities Graduate Study Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Carpenter, Mitchell, Goddard & Company, L.L.C.

Moline, Illinois
January 27, 2012