

Stark State College Foundation

Stark County, Ohio

Regular Audit

July 1, 2007 through June 30, 2008



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639



Mary Taylor, CPA
Auditor of State

Board of Trustees
Stark State College Foundation
6200 Frank Avenue, NW
North Canton, Ohio 44720-7299

We have reviewed the *Independent Accountants' Report* of the Stark State College Foundation, Stark County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark State College Foundation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 16, 2009

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Stark State College Foundation
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For the Fiscal Year Ended June 30, 2008

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Ohio Society of Certified Public Accountants

Independent Accountants' Report

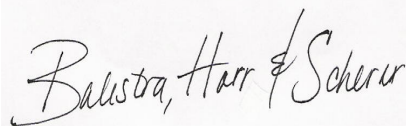
Stark State College Foundation
Board of Trustees
6200 Frank Ave. N.W.
North Canton, Ohio 44720-7299

We have audited the accompanying financial statements of the Stark State College Foundation, Stark County, Ohio (the Foundation), a component unit of the Stark State College of Technology, as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 the Foundation as of June 30, 2008, and the changes in net assets and cash flows thereof in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the Foundation'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.
December 22, 2008

Stark State College Foundation
Statement of Financial Position
June 30, 2008

ASSETS

Cash and cash equivalents	\$85,544
Conditional promises to give	
Restricted to health science building	38,632
Unconditional promises to give	
Unrestricted	26,167
Restricted to aesthetics	80
Restricted to instructional departments	6,794
Restricted to scholarships	2,189
Restricted to endowments	178,807
Restricted to student services	418
Interest receivable	92
Long-term investments	<u>1,723,213</u>
 Total Assets	 <u>2,061,936</u>

LIABILITIES

Accounts payable	<u>1,422</u>
 Total Liabilities	 <u>1,422</u>

NET ASSETS

Unrestricted	41,724
Temporarily restricted	90,484
Permanently restricted	<u>1,928,306</u>
 Total Net Assets	 <u><u>\$2,060,514</u></u>

See the accompanying notes to the financial statements.

Stark State College Foundation
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Individuals, corporations & foundations	\$9,293	\$0	\$0	\$9,293
Investment income	3,895	37,948	682	42,525
Support for instructional departments	0	134,338	0	134,338
Support for capital projects	0	23,242	0	23,242
Support for scholarships	0	50,690	0	50,690
Support for aesthetics	0	2	0	2
Support for student services	0	131	0	131
Investment gains (losses)	(57,963)	(42,922)	(1,814)	(102,699)
Endowment fund support	0	0	330,924	330,924
Net assets released from restriction (Note 5):				
Restrictions satisfied by payments	<u>678,443</u>	<u>(678,443)</u>	<u>0</u>	<u>0</u>
Total Support and Revenues	633,668	(475,014)	329,792	488,446
EXPENSES				
Supporting college activities				
Health science building	412,109	0	0	412,109
Scholarships for students	121,216	0	0	121,216
Instructional equipment and supplies	138,423	0	0	138,423
Faculty & staff professional development	6,395	0	0	6,395
Aesthetics	45	0	0	45
Student services	255	0	0	255
Operations				
Management and general	<u>43,636</u>	<u>0</u>	<u>0</u>	<u>43,636</u>
Total Expenses	<u>722,079</u>	<u>0</u>	<u>0</u>	<u>722,079</u>
CHANGE IN NET ASSETS	(88,411)	(475,014)	329,792	(233,633)
NET ASSETS, BEGINNING OF YEAR	<u>130,135</u>	<u>565,498</u>	<u>1,598,514</u>	<u>2,294,147</u>
NET ASSETS, END OF YEAR	<u>\$41,724</u>	<u>\$90,484</u>	<u>\$1,928,306</u>	<u>\$2,060,514</u>

See the accompanying notes to the financial statements.

Stark State College Foundation
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	(\$233,633)
Adjustments to reconcile DEcrease in net assets to net cash used by operating activities:	
Net loss on long-term investments	102,699
Decrease in restricted conditional promises to give	388,867
Increase in restricted unconditional promises to give	(130,820)
Decrease in unrestricted unconditional promises to give	11,782
Decrease in accounts payable	(444)
Decrease in interest receivable	131
Investment income from long-term investments	(39,371)
Restricted cash contributions for long-term investment	<u>(195,036)</u>
 Net Cash Used by Operating Activities	 (95,825)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of long-term investments	<u>(127,419)</u>
 Net Cash Used by Investing Activities	 (127,419)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of endowment fund support	<u>195,036</u>
 Net Cash Provided by Financing Activities	 <u>195,036</u>
 DECREASE IN CASH AND CASH EQUIVALENTS	 (28,208)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>113,752</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$85,544</u></u>

See the accompanying notes to the financial statements.

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

1. DESCRIPTION OF THE REPORTING ENTITY

The Stark State College Foundation (the Foundation) is organized and operated exclusively for educational, scientific or charitable purposes by conducting and supporting activities which benefit or carry out the purpose of the Stark State College of Technology (herein, “the College”). The College is a state institution of higher learning, authorized and existing under Chapter 3357 of the Ohio Revised Code. The Foundation is a not-for-profit organization established in accordance with Section 501(c)(3) of the Internal Revenue Code and is empowered to exercise all rights and powers conferred by the laws of Ohio upon nonprofit corporations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Contributions

The Foundation reports contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, “Accounting for Contributions Received and Contributions Made”. SFAS No. 116 requires that unconditional promises to give, with payments due in future periods, be recorded as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

Financial Statement Presentation

SFAS No. 117, “Financial Statements of Not-For-Profit Organizations”, requires that the amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor-imposed restrictions. A description of the categories is as follows:

Unrestricted Net Assets

Assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted Net Assets

Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

Permanently Restricted Assets

Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying statement of activities.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Foundation reports investments in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investments of the unrestricted, temporarily restricted and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted and permanently restricted funds.

Promises to Give

Contributions received, including unconditional promises to give are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met.

The Foundation requires an initial minimum balance of \$5,000 to establish an endowed scholarship fund. The policy allows a period, generally not to exceed 60 months, for the accumulation of contributions and interest to meet the minimum \$5,000 requirement.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

3. INVESTMENTS

The various investments in fixed income securities, mutual funds and other investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

3. INVESTMENTS (continued)

At June 30, 2008, investments consisted of the following:

	Fair Value
Mutual Funds	\$218,295
Money Market Funds	246,484
US Treasury Obligations	114,055
US Government Agency Securities	399,582
Corporate Bonds	95,112
Equity Securities	629,964
Certificate of Deposit	19,721
Total	\$1,723,213

4. PROMISES TO GIVE

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimate of future cash flows. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give:

Unrestricted	
Amounts Due:	
Less than one year	\$14,322
One to five years	11,845
Restricted	
Amounts Due:	
Less than one year	72,825
One to five years	115,463

Conditional promises to give:

Restricted	
Amounts Due:	
Less than one year	19,316
One to five years	19,316
Total	\$253,087

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily and permanently restricted assets are those whose use by the Foundation has been limited by the donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships to the College's students, providing professional development funds to the College staff and purchasing equipment for the benefit of the College. Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships to the College's students.

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

The different types of temporarily restricted net assets are classified as follows:

Scholarships for Students:	
Donald & Pauline Colaner Scholarship	\$112
Diversity Scholarship	2,826
Mel Kallis Scholarship	201
Kids College Scholarship	2,189
Samuel Krugliak Scholarship	171
John McGrath Presidential Scholarship	2,167
Fred F. Silk Scholarship	15,139
Student Scholarships	<u>8,660</u>
Total Scholarships for Students	<u>31,465</u>
Faculty and Staff Professional Development:	
Faculty and Staff Professional Development	<u>3,686</u>
Total Faculty and Staff Professional Development	<u>3,686</u>
Aesthetics Project:	
Aesthetics	<u>80</u>
Total Aesthetics Project	<u>80</u>
Departmental Equipment and Supplies:	
Adaptive Equipment	418
Business Division Equipment	6,794
Instructional Equipment	<u>9,408</u>
Total Departmental Equipment and Supplies	16,620
Capital Projects:	
Health Science Building	<u>38,633</u>
Total Capital Projects	<u>38,633</u>
 Total Temporarily Restricted Net Assets	 <u><u>\$ 90,484</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors as follows:

Purpose Restriction Accomplished:

Scholarships for Students:	
Leon & Helene Albert Scholarship	\$330
Alumni Class Scholarships	3,285
Bridgestone/Firestone Automotive Scholarship	345
Builders Exchange of East Central Ohio Scholarship	5,000
Edward & Henry Cain Automotive Scholarship	11,907
Canton Veteran Car Club Scholarship	175
Donald & Pauline Colaner Scholarship	211
Stacie Cross Paramedic Scholarship	500

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

Deuble Foundation Scholarship	\$4,467
Diversity Scholarship	2,678
East Ohio Gas Company Scholarship	408
Engineering Memorial Scholarship	679
Janet C. Fisher Scholarship	1,492
Albert & Edith Flowers Scholarship	377
GAR Scholarship	5,489
Robert & Celine Hallier Scholarship	259
William & Martha Haverlock Scholarship	778
Herbert Hoover Scholarship	5,064
Hoover Foundation Scholarship	3,705
Mel Kallis Scholarship	344
Kids College Scholarship	1,285
Samuel Krugliak Scholarship	528
John McGrath Presidential Scholarship	3,288
Betty Morford Scholarship	362
Mount Union College Scholarship	1,000
Ada & Helen Rank Scholarship	237
Ned Saums Scholarship	429
SCADA Automotive Scholarship	2,385
William & Barbara Schiltz Scholarship	31,000
Daniel Schonhoft Scholarship	500
Fred F. Silk Scholarship	12,755
Stark Community Foundation Scholarship	2,137
Student Scholarships	5,377
Edward & Ruth Wilkof Scholarship	582
Ervin & Marie Wilkof Scholarship	619
Dale Young Scholarship	6,239
Total Scholarships for Students	116,216
Professional Development:	
Faculty and Staff Professional Development	6,058
Mary Powers Professional Development	337
Total Professional Development	6,395
Aesthetics:	
Aesthetics	45
Total Aesthetics	45
Departmental Equipment and Supplies:	
Adaptive Equipment	255
Business Division Equipment	3,698

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

Dental Hygiene Equipment	\$20,220
Enviromental/Chemistry Lab	70,000
Fuel Cell Equipment	15,000
Instructional Resources	405
Paramedic Training	100
RN Completion Project	<u>34,000</u>
Total Departmental Equipment and Supplies	<u>143,678</u>
Capital Projects:	
Health Science Building	<u>412,109</u>
Total Capital Projects	<u>412,109</u>
Total Net Assets Released from Donor Restrictions	<u><u>\$678,443</u></u>

6. PERMANENTLY RESTRICTED NET ASSETS

Scholarships for Students:	
Akron Children’s Hospital Scholarship	\$48,000
Leon & Helene Albert Scholarship	10,981
Alumni Class Scholarships	77,079
Aultman Hospital Scholarship	29,000
Bridgestone/Firestone Automotive Scholarship	12,550
Edward & Henry Cain Automotive Scholarship	240,000
Canton Veteran Car Club Scholarship	5,000
David & Pauline Colaner Scholarship	9,850
Deuble Foundation Scholarship	100,000
Diebold Foundation Scholarship	96,250
Diversity Scholarship	61,652
East Ohio Gas Company Scholarship	10,000
Engineering Memorial Scholarship	18,864
Faculty Association Scholarship	13,831
Paul & Susan Feaser Scholarship	7,800
Janet C. Fisher Scholarship	36,485
Albert & Edith Flowers Scholarship	13,500
Robert & Celine Hallier Scholarship	5,386
Lynn Hamilton Scholarship	3,950
William & Martha Haverlock Scholarship	9,954
Herbert Hoover Scholarship	100,000

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

6. PERMANENTLY RESTRICTED NET ASSETS (continued)

Hoover Foundation Scholarship	\$100,000
Para Jones Scholarship	3,780
Sarah Kaaikaula Scholarship	2,655
Mel Kallis Scholarship	22,203
Samuel Krugliak Scholarship	10,000
George Lemon Scholarship	10,000
William & Sharon Luntz Scholarship	5,456
John McGrath Presidential Scholarship	79,957
Betty Morford Scholarship	10,405
Ada & Helen Rank Scholarship	15,000
Ned Saums Scholarship	13,168
Scada Automotive Scholarship	50,000
Mary & Joseph Shannon Scholarship	4,850
Fred F. Silk Scholarship	315,000
Larry Smerglia Scholarship	4,375
Marge Smith Scholarship	2,614
Eddie & Madeline Stevens Scholarship	3,780
Student Scholarship	105,130
Jeffrey & Brenda Walters Scholarship	4,750
Charles West Scholarship	10,000
Edward & Ruth Wilkof Scholarship	15,000
Ervin & Marie Wilkof Scholarship	29,750
Ronald & Ruthanne Wilkof Scholarship	4,800
Dale Young Scholarship	62,110
Total Scholarships for Students	<u>1,794,915</u>
Professional Development:	
Faculty and Staff Professional Development	114,658
Mary Powers Professional Development	8,137
Total Professional Development	<u>122,795</u>
Departmental Equipment and Supplies:	
Instructional Resources	10,596
Total Departmental Equipment and Supplies	<u>10,596</u>
Total Permanently Restricted Net Assets	<u><u>\$1,928,306</u></u>

7. INCOME TAXES

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore makes no provision for income taxes. The Foundation is required annually to file IRS Form 990 which reports the activity of the Foundation during the fiscal year.

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Stark State College Foundation
Board of Trustees
6200 Frank Ave. N.W.
North Canton, Ohio 44720-7299

We have audited the financial statements of the Stark State College Foundation, Stark County, Ohio (the Foundation) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Foundation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Foundation's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Stark State College Foundation

Board of Trustees

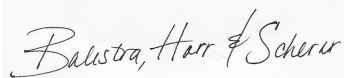
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Foundation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 22, 2008



Mary Taylor, CPA
Auditor of State

STARK STATE COLLEGE FOUNDATION

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2009**