



# Balestra, Harr & Scherer, CPAs, Inc.

---

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

Terra College Foundation  
Regular Audit  
July 1, 2010 through June 30, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

Board of Trustees  
Terra College Foundation  
2830 Napoleon Road  
Freemont, Ohio 43420

We have reviewed the *Independent Auditor's Report* of the Terra College Foundation, Sandusky County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Terra College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 2, 2011

**This page intentionally left blank.**

Terra College Foundation  
Table of Contents  
For the Fiscal Year Ended June 30, 2011

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report:.....	1
Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement Cash Flows .....	5
Notes to the Financial Statements .....	6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards.....	9

**This page intentionally left blank.**



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Terra College Foundation  
2830 Napoleon Road  
Fremont, OH 43420

We have audited the accompanying statements of financial position of Terra College Foundation, Sandusky County, OH (the Foundation), a component unit of Terra Community College, as of June 30, 2011, and June 30, 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the 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 Terra College Foundation, Sandusky County, OH as of June 30, 2011, and June 30, 2010, and the changes in net assets and its 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 our report dated September 28, 2011 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.  
September 28, 2011





**Terra College Foundation**  
**Statements of Financial Position**  
**June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash & cash equivalents	\$ 135,261	\$ 315,913
Contributions Receivable	414,017	507,711
Other receivables	192,787	91,544
Investments	<u>2,789,572</u>	<u>1,911,210</u>
Total assets	3,531,637	2,826,378
<b>Liabilities</b>		
Accounts payable	<u>33,338</u>	<u>15,195</u>
Total liabilities	<u>33,338</u>	<u>15,195</u>
<b>Net assets</b>		
Unrestricted	127,458	179,200
Temporarily restricted	1,229,124	601,096
Permanently restricted	<u>2,141,717</u>	<u>2,030,887</u>
Total net assets	<u>\$ 3,498,299</u>	<u>\$ 2,811,183</u>

See accompanying notes to the financial statements.

**Terra College Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains and other support</b>				
Contributions	\$ (58,050)	\$ 434,008	\$ 110,830	\$ 486,788
Contributed services and supplies	99,202	-	-	99,202
Investment return	25,998	400,024	-	426,022
Net assets released from restrictions	<u>206,003</u>	<u>(206,003)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	273,153	628,029	110,830	1,012,012
<b>Expenses</b>				
Program services				
Scholarships and loans	90,181	-	-	90,181
Instructional equipment	30,855	-	-	30,855
Other	13,925	-	-	13,925
Supporting Services				
Management and general	49,305	-	-	49,305
Fund raising	<u>140,630</u>	<u>-</u>	<u>-</u>	<u>140,630</u>
Total expenses	<u>324,896</u>	<u>-</u>	<u>-</u>	<u>324,896</u>
Change in net assets	(51,743)	628,029	110,830	687,116
<b>Net assets</b>				
Net assets- beginning of year	<u>179,200</u>	<u>601,096</u>	<u>2,030,887</u>	<u>2,811,183</u>
Net assets- end of year	<u>\$ 127,457</u>	<u>\$ 1,229,125</u>	<u>\$ 2,141,717</u>	<u>\$ 3,498,299</u>

See accompanying notes to the financial statements.

**Terra College Foundation  
Statement of Activities  
For the Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains and other support</b>				
Contributions	\$ 3,534	\$ 222,880	\$ 157,931	\$ 384,345
Contributed services and supplies	119,363	-	-	119,363
Investment return	8,191	210,414	-	218,605
Net assets released from restrictions	<u>266,399</u>	<u>(266,399)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	397,487	166,895	157,931	722,313
<b>Expenses</b>				
Program services				
Scholarships and loans	129,470	-	-	129,470
Instructional equipment	51,659	-	-	51,659
Other	13,298	-	-	13,298
Supporting Services				
Management and general	66,306	-	-	66,306
Fund raising	<u>147,833</u>	<u>-</u>	<u>-</u>	<u>147,833</u>
Total expenses	<u>408,566</u>	<u>-</u>	<u>-</u>	<u>408,566</u>
Change in net assets	(11,079)	166,895	157,931	313,747
<b>Net assets</b>				
Net assets- beginning of year	<u>190,279</u>	<u>434,201</u>	<u>1,872,956</u>	<u>2,497,436</u>
Net assets- end of year	<u>\$ 179,200</u>	<u>\$ 601,096</u>	<u>\$ 2,030,887</u>	<u>\$ 2,811,183</u>

See accompanying notes to the financial statements.

**Terra College Foundation**  
**Statements of Cash Flows**  
**For The Years Ended June 30, 2011 and 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 687,116	\$ 313,747
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain)/loss on investments	(294,473)	(163,898)
Contributions restricted for long-term purposes	93,693	(157,931)
Increase in Accounts receivable	(101,243)	43,743
(Increase) in contributions receivable	486,788	110,594
Increase/(Decrease) in Accounts payable	18,143	(13,644)
Net Cash From Operating Activities	890,024	132,611
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of long-term investments	(583,887)	(337,648)
Net Cash From Investing Activities	(583,887)	(337,648)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from contributions restricted for long-term purposes	(486,789)	157,931
Net Cash From Financing Activities	(486,789)	157,931
Net Increase (Decrease) in Cash and Cash Equivalents	(180,652)	(47,106)
Cash and Cash Equivalents, Beginning of the Year	315,913	363,019
Cash and Cash Equivalents, End of Year	\$ 135,261	\$ 315,913

See the accompanying notes to the financial statements.

## TERRA COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2011 and 2010

### NOTE 1 - SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization: Terra College Foundation (the Foundation) is an Ohio not-for-profit corporation and is a component unit of Terra Community College. The Foundation operates exclusively for the benefit of Terra Community College.

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions: Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted support, while contributions without donor-imposed restrictions are reported as unrestricted support.

Donated Services and Facilities: The Foundation has no employees. Substantially all clerical, management and fund raising duties are presently performed by employees of Terra Community College, utilizing equipment and facilities of Terra Community College. The value of services provided, in the amount of \$99,201.27 and \$119,363 for the years ended June 30, 2011 and 2010 has been recognized in the statement of activities as required by SFAS No. 116.

Investments: Investments are valued at fair value, which is generally determined by use of published market quotations. Realized gains or losses from sale or redemption of investments are based on the cost of the specific investment sold or redeemed. Purchases and sales of investments are reflected on a trade-date basis.

Income Tax Status: The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk: The Federal Deposit Insurance Corporation insures financial institution depositors up to \$250,000. The Foundation maintains deposits exceeding \$250,000 in a financial institution.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation.

**TERRA COLLEGE FOUNDATION**

Notes to the Financial Statements

June 30, 2011 and 2010

**NOTE 2 - NET ASSETS**

Unrestricted net assets represent funds that can be used by the Foundation for any purpose authorized by the Foundation's Board of Trustees.

Temporarily restricted net assets are contributions and investment earnings that have been designated by the donor for a specific purpose, but have not yet been spent. At June 30, 2011 and 2010, temporarily restricted net assets were designated for scholarships and support of College programs.

Permanently restricted net assets are restricted to investment in perpetuity as endowment funds. The endowment funds represent contributions for which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the investment income (or portions thereof) of the funds is expended as the donor has specified, principally for scholarships and support of College programs.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose, collecting payment on unconditional promises to give or by occurrence of other events specified by donors. Release of restrictions represents primarily amounts for capital purchases and other operational items and scholarships.

**NOTE 3 - INVESTMENTS**

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**TERRA COLLEGE FOUNDATION**

Notes to the Financial Statements

June 30, 2011 and 2010

**NOTE 3 – INVESTMENTS (Continued)**

The fair value of investments held by the Foundation at June 30, 2011 is summarized as follows:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observ- able Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 383,718	\$-0-	\$-0-
Debt Securities	218,145	-0-	-0-
Equity Securities	<u>2,187,710</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$2,789,573</u>	<u>\$-0-</u>	<u>\$-0-</u>

The fair value of investments held by the Foundation at June 30, 2010 is summarized as follows:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observ- able Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 347,128	\$-0-	\$-0-
Debt Securities	187,248	-0-	-0-
Equity Securities	<u>1,376,835</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$1,911,211</u>	<u>\$-0-</u>	<u>\$-0-</u>

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2011 and 2010 are promises to give from various donors that are unconditional and are summarized as follows:

	<u>2011</u>	<u>2010</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 162,942	\$ 151,540
One year to five years	240,528	310,211
Over five years	<u>30,413</u>	<u>75,601</u>
	433,883	537,352
Less:		
Unamortized discount and allowance		
for doubtful pledges	<u>19,866</u>	<u>29,642</u>
	<u>\$ 414,017</u>	<u>\$ 507,710</u>

**NOTE 5 - SUPPORT TO TERRA COMMUNITY COLLEGE**

During the years ended June 30, 2011 and 2010, the Foundation made contributions of approximately \$134,961 and \$194,427 to or on behalf of the College for both restricted and unrestricted purposes.



## **Balestra, Harr & Scherer, CPAs, Inc.**

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

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

Board of Trustees  
Terra College Foundation  
2830 Napoleon Road  
Fremont, OH 43420

We have audited the financial statements of Terra College Foundation, Sandusky County, OH (the Foundation), a component unit of Terra Community College, as of and for the years ended June 30, 2011, and 2010 and have issued our report thereon dated September 28, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists* when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies, resulting in more than a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and timely corrected.

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 deficiency 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 material weaknesses, as defined above.

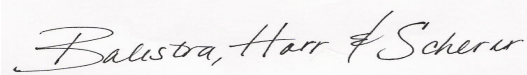
#### **Compliance and Other Matters**

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 that we must report under *Government Auditing Standards*.



Terra College Foundation  
Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the Board of Trustees, others within the foundation, and the Foundation's management. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
September 28, 2011

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**TERRA COLLEGE FOUNDATION**

**SANDUSKY 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  
DECEMBER 15, 2011**