

Stark State College Foundation

**Financial Statements
June 30, 2014**



Dave Yost • Auditor of State

Board of Directors
Stark State College Foundation
6200 Frank Ave NW
North Canton, OH 44720

We have reviewed the *Independent Auditor's Report* of the Stark State College Foundation, Stark County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2013 through June 30, 2014. 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.

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

Dave Yost
Auditor of State

January 29, 2015

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Stark State College Foundation

Financial Statements

June 30, 2014

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Independent Auditor's Report

Board of Directors
Stark State College Foundation
North Canton, OH

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark State College Foundation (the "Foundation") (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2014 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 and the standards applicable to financial audits contained in the *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 from 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 Foundation'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 Foundation'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.

Board of Directors
Stark State College Foundation

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, 2014, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 on our consideration of the Foundation'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Cioni & Panichi, Inc.

Cleveland, Ohio
December 19, 2014

STARK STATE COLLEGE FOUNDATION

Statement of Financial Position

June 30, 2014

ASSETS

Cash and cash equivalents	\$	489,769
Unconditional promises to give		
Unrestricted		2,392
Restricted to instructional departments		25,528
Restricted to scholarships		10,215
Restricted to endowments		153,932
Prepaid expense		2,907
Interest receivable		69
Long-term investments		<u>4,357,509</u>
TOTAL ASSETS	\$	<u><u>5,042,321</u></u>

NET ASSETS

Unrestricted	\$	116,052
Temporarily restricted		989,409
Permanently restricted		<u>3,936,860</u>
TOTAL NET ASSETS	\$	<u><u>5,042,321</u></u>

The accompanying notes are an integral part of these financial statements.

STARK STATE COLLEGE FOUNDATION

Statement of Activities
For the Year Ended June 30, 2014

UNRESTRICTED NET ASSETS

Support	
Individuals	\$ 11,562
Corporations & foundations	384
Investment income	1,152
Investment gains	6,032
Transfer from temporarily restricted net assets	23,988
Net assets released from restrictions	
Restrictions satisfied by payments	<u>386,508</u>
TOTAL UNRESTRICTED SUPPORT	429,626
Expenses	
Supporting college activities	
Scholarships for students	115,768
Instructional equipment & supplies	265,573
Professional development	4,959
Student services	208
Operations	
Management and general	<u>14,508</u>
TOTAL UNRESTRICTED EXPENSES	<u>401,016</u>
INCREASE IN UNRESTRICTED NET ASSETS	28,610

TEMPORARILY RESTRICTED NET ASSETS

Support for instructional departments	17,793
Support for scholarships & loans	117,136
Support for student services	25,736
Investment income	39,090
Investment gains	513,634
Transfer to unrestricted net assets	(23,988)
Net assets released from restrictions	
Restrictions satisfied by payments	<u>(386,508)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	302,893

PERMANENTLY RESTRICTED NET ASSETS

Endowment fund support	240,787
Investment income	75
Investment gains	<u>1,174</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>242,036</u>
INCREASE IN NET ASSETS	573,539
NET ASSETS AT BEGINNING OF YEAR	<u>4,468,782</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,042,321</u>

The accompanying notes are an integral part of these financial statements.

STARK STATE COLLEGE FOUNDATION

Statement of Cash Flows

For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	573,539
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gain on investments		(520,840)
Net investment income from long-term investments		(39,573)
Contributions restricted for long-term investments		(174,929)
Changes in operating assets and liabilities:		
Unrestricted unconditional promises to give		1,701
Restricted unconditional promises to give		(98,270)
Prepaid expenses		(138)
Interest receivable		(34)
		<hr/>
NET CASH USED BY OPERATING ACTIVITIES		(258,544)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of long-term investments		(1,711,285)
Proceeds from sale of long-term investments		<hr/> 1,699,746
NET CASH USED BY INVESTING ACTIVITIES		(11,539)

CASH FLOWS FROM FINANCING ACTIVITIES

Collections of endowment fund support		<hr/> 174,929
NET CASH PROVIDED BY FINANCING ACTIVITIES		<hr/> 174,929
NET DECREASE IN CASH AND CASH EQUIVALENTS		(95,154)
BEGINNING CASH AND CASH EQUIVALENTS		<hr/> 584,923
ENDING CASH AND CASH EQUIVALENTS	\$	<hr/> <hr/> 489,769

The accompanying notes are an integral part of these financial statements.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

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 (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.

The Foundation's primary sources of revenue are endowment income and public support through donations from individuals, corporations, foundations, and trusts located primarily in northeast Ohio.

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.

Financial Statement Presentation

The Foundation follows authoritative guidance issued by the Financial Accounting Standards Board ("FASB") which established the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America.

ASC 958: Not-for-Profit Entities 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. If donor-imposed restrictions are met in the same year as they are imposed, the net assets are reported as unrestricted.

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 Financial Statements

June 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

The Foundation reports contributions in accordance with ASC 958. ASC 958 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.

Cash and Cash Equivalents

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

Investments

Investments in marketable 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.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments, and promises to give.

The Foundation has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are overseen by a Finance Committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Finance Committee believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to promises to give is limited due to the number and credit worthiness of the foundations, corporations, governmental units, and individuals who comprise the contributor base.

At various times during the year ended June 30, 2014, the Foundation's cash in bank balances may have exceeded the federal insured limits.

Donated Administrative Expenses

Certain administrative functions of the Foundation are performed by administrative employees of Stark State College at no charge to the Foundation. The value of these services is not recognized in these financial statements. The dollar value is not significant in relation to the financial statements taken as a whole.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 19, 2014, the date the financial statements were available to be issued.

3. INVESTMENTS

Investments consist of the following:

Equity mutual fund	\$	2,820,166
Fixed income		1,377,769
Money market funds		<u>159,574</u>
	\$	<u>4,357,509</u>

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

4. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments – The Foundation adopted applicable sections of the ASC 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the investments)

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

The following is a summary of the inputs used as of June 30, 2014, in valuing the Foundation's investments carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 2,820,166	\$ -	\$ -	\$ 2,820,166
Fixed income	1,377,769	-	-	1,377,769
Money market funds	<u>159,574</u>	<u>-</u>	<u>-</u>	<u>159,574</u>
	<u>\$ 4,357,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,357,509</u>

5. ENDOWMENT FUND

Net Asset Classification of Endowment Funds

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

5. ENDOWMENT FUND (continued)

Net Asset Classification of Endowment Funds (continued)

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The investment policies of the Foundation

During the year ended June 30, 2014, the Foundation had the following endowment related activities:

	<u>Donor- Restricted Endowment Funds</u>	<u>Board- Designated Endowment Funds</u>	<u>Total</u>
Investment return:			
Interest and dividends	\$ 39,165	\$ 406	\$ 39,571
Net realized and unrealized gain	<u>514,808</u>	<u>6,032</u>	<u>520,840</u>
Total investment return	553,973	6,438	560,411
Contributions	174,929	-	174,929
Appropriation of endowment assets for expenditure	(76,802)	-	(76,802)
Transfers out	<u>(23,988)</u>	<u>-</u>	<u>(23,988)</u>
 Total change in endowment funds	 \$ <u>628,112</u>	 \$ <u>6,438</u>	 \$ <u>634,550</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2014:

	<u>Temporarily Unrestricted</u>	<u>Permanently Restricted</u>	<u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 656,117	\$ 3,782,929	\$ 4,439,046
Board-designated endowment funds	<u>48,281</u>	<u>-</u>	<u>-</u>	<u>48,281</u>
 Total funds	 \$ <u>48,281</u>	 \$ <u>656,117</u>	 \$ <u>3,782,929</u>	 \$ <u>4,487,327</u>

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

5. ENDOWMENT FUND (continued)

Net Asset Classification of Endowment Funds (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 41,843	\$ 204,183	\$ 3,606,751	\$ 3,852,777
Investment return:				
Interest and dividends	406	39,090	75	39,571
Net realized and unrealized gain	<u>6,032</u>	<u>513,634</u>	<u>1,174</u>	<u>520,840</u>
Total investment return	6,438	552,724	1,249	560,411
Contributions	-	-	174,929	174,929
Appropriation of endowment assets for expenditure	-	(76,802)	-	(76,802)
Transfers out	<u>-</u>	<u>(23,988)</u>	<u>-</u>	<u>(23,988)</u>
Endowment net assets, end of year	\$ <u>48,281</u>	\$ <u>656,117</u>	\$ <u>3,782,929</u>	\$ <u>4,487,327</u>

Below is a reconciliation of permanently restricted net assets included in the endowment fund to total permanently restricted net assets:

Permanently restricted net assets within endowment fund	\$ 3,782,929
Permanently restricted contributions included in pledges receivable	<u>153,931</u>
Total permanently restricted net assets	\$ <u>3,936,860</u>

Return Objectives And Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of Stark State College. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as board-designated funds. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

5. ENDOWMENT FUND (continued)

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In recognition of the difficulty in predicting the direction of the markets or future state of the economy, the Foundation's assets are diversified among asset classes, managers/funds, and investment styles. The Board has determined that 60% to 70% of the investment portfolio be allocated to equities, including international securities, and 30% to 40% be allocated to fixed income or cash investments. The Board also reviews the portfolio on a regular basis (at least annually) to consider the portfolio's asset mix relative to its target and the allowable range around the target.

The investment strategy for the Foundation's portfolio indicates the principal category of equity investments will be common stocks with primary emphasis on high quality companies that are financially sound and that have favorable prospects for earnings growth. The largest percentage of fixed income investments will be invested in portfolios of high quality (primarily A- to AAA- rated) corporate bonds, U.S. Treasury and U. S. Government Agency securities. Investments in foreign securities may comprise 15% to 25% of equity investments based upon market conditions and investment manager discretion.

In addition to asset classes, the Foundation may be diversified between managers/funds and investment styles, as well. The purpose of this approach is to incorporate prudent diversification within the Foundation, enhancing expected returns, and/or reducing risk of the total portfolio. This structure will be reviewed by the Finance Committee on an ongoing basis as part of the overall monitoring process.

Spending Policy

The Foundation's spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 6% of the three-year average market value of a designated endowment fund to be distributed yearly. Spending may include net realized gains earnings over that three-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income-net of external and internal fees and previously designated spending amount) above 6% will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the Finance Committee and recommendations for any changes are forwarded to the full Board for review and approval.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

6. 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 their estimate of future cash flows at a discount rate of 5%. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give as of June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Less than one year	\$ 2,367	\$ 86,211	\$ 88,578
One to five years	<u>25</u>	<u>103,464</u>	<u>103,489</u>
	<u>\$ 2,392</u>	<u>\$ 189,675</u>	<u>\$ 192,067</u>

7. 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 & loans 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.

The temporarily restricted net assets as of June 30, 2014 are classified as follows:

Scholarships & Loans for Students:

Abel, Larry Scholarship	\$ 2,925
Akron Children's Hospital Scholarship	14,504
Albert, Leon & Helene Scholarship	3,172
Allied Dental Health Professionals Scholarship	1,118
Alumni Class Scholarship	12,473
AT&T Fund	7,500
Aultman Hospital Scholarship	7,490
Automotive Department Scholarship	421
Bobbitt, Robert T. and Hortense Scholarship	2,744
Bolgrin, Harrison Scholarship	122
Bridgestone/Firestone Automotive Scholarship	2,264
Cain, Alice PTA Scholarship	266
Cain, Edward and Henry Automotive Scholarship	40,375
Canton APICS Scholarship	4,295
Canton Carnival of Wheels Scholarship	3,400
Career Development Scholarship	307
Chesapeake Energy Corporate Scholarship	31,000
Colaner, David & Pauline Scholarship	1,951

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

7. TEMPORARILY RESTRICTED NET ASSETS (continued)

Scholarships & Loans for Students (continued):

DeHoff Family Scholarship	975
Deuble Foundation Scholarship	13,293
Diamond, J. Edward & Janet Scholarship	1,606
Diebold Foundation Scholarship	31,795
Disability Support Services Scholarship	7
Diversity Scholarship	14,197
Droney, Michael Scholarship	275
Electrical Engineering Equipment	3,000
Engineering Memorial Scholarship	4,533
Faculty Association Scholarship	7,468
Feaser, Paul & Susan Scholarship	2,988
Flowers, Albert & Edith Scholarship	3,935
Fortisure Foundation Scholarship	132,853
Graco Engineering Scholarship	9,500
Hallier Scholarship	442
Hamilton, Lynn Scholarship	1,471
Hatton, Katy Scholarship	1,861
Hays, Sharon B Scholarship	829
Hilscher Clarke Elect Scholarship	500
Hinderer, Robert & Gladys Scholarship	405
Hoover, Herbert Scholarship	19,745
Huston, Doris Scholarship	2,688
Jivens, John & Carol Scholarship	678
Jones, Para Scholarship	2,251
Kallis, Mel Scholarship	4,974
Kimble Scholarship	19,163
Kirsch, Roland Scholarship	1,000
Kismet Foundation Scholarship	11,019
Krugliak, Samuel Scholarship	1,742
Lavery, William Scholarship	774
Lemon, George W. Scholarship	2,180
Loew Family Scholarship	2,212
Luntz's Scholarship	675
Maloney, Dr. James & Sally Scholarship	1,527
Management & Marketing Scholarship	14
Mann, Roger & Kathleen Scholarship	1,364
McGrath, John Presidential Scholarship	16,498
McIntosh, Walter & Bess Scholarship	1,023
Miller, Ron Scholarship	266
Morford (Betty) Scholarship	1,818
President's Scholars Award	1,688
R C Miller Scholarship	2,559
Rank, Ada & Helen Scholarship	8,506
Remark, Christopher & Stacey Scholarship	59

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

7. TEMPORARILY RESTRICTED NET ASSETS (continued)

Scholarships & Loans for Students (continued):

Sabe, Ahmed Scholarship	2,570
Saums (Ned) Scholarship	1,884
SCADA Automotive Scholarship	9,533
Schiltz Family Scholarship	15,000
Schiltz, William & Barbara Scholarship	23,193
Science Division Scholarship	349
Shannon, Mary & Joseph Scholarship	1,816
Shreve, Zak & Ben Scholarship	635
Silk, Fred F. Scholarship	77,207
Smerglia, Larry Scholarship	1,213
Society of Women in Engineering	1,778
Smith, Marge Scholarship	4,534
SSC Trustee Scholarship	33
Sterner, Jayne Scholarship	304
Stevens, Eddie & Madeline Scholarship	2,121
Stokes, Marie Scholarship	633
Student Scholarship	35,261
Students of Promise Scholarship	22,676
Student Services Scholarship	235
Veteran's Scholarship	120
Walters, Jeffrey & Brenda Scholarship	2,270
We are IT Project	23,750
West, Charles H. & Virginia C. Scholarship	2,136
Westerbeck, John Scholarship	917
Wilkof, Edward & Ruth Scholarship	3,851
Wilkof, Ervin & Marie Scholarship	12,894
Wilkof, Ronald & Ruthanne Scholarship	2,076
Wilkof, Pizzino & Dyer Scholarship	3,000
Williams, Charles Scholarship	316
Youngs Scholarship	3,774
Total Scholarships & Loans for Students	<u>728,762</u>

Professional Development:

Faculty & Staff Professional Development	23,972
Powers Professional Development	<u>79</u>
Total Professional Development	24,051

Departmental Equipment and Supplies:

Instructional Resources	4,420
Oil & Gas Lab	228,876
Paramedics/RN Lab Equipment	<u>3,300</u>
Total Departmental Equipment and Supplies	<u>236,596</u>

Total Temporarily Restricted Net Assets \$ 989,409

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

7. TEMPORARILY RESTRICTED NET ASSETS (continued)

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

Purpose Restriction Accomplished

Scholarships & Loans for Students:

Abel, Larry Scholarship	\$	309
Akron Children's Hospital Scholarship		1,443
Albert, Leon & Helene Scholarship		500
Alumni Class Scholarship		2,488
Aultman Hospital Scholarship		1,128
Bobbitt, Robert T. and Hortense Scholarship		437
Bridgestone/Firestone Automotive Scholarship		478
Cain, Edward and Henry Automotive Scholarship		8,450
Canton Carnival of Wheels Scholarship		6,100
Chesapeake Energy Corporation Scholarship		13,000
Cleveland Auto Dealers Association Scholarship		10,000
Colaner, David & Pauline Scholarship		400
Cross, Stacie Scholarship		500
Deuble Foundation Scholarship		2,600
Diebold Foundation Scholarship		3,917
Disability Services Scholarship		250
Diversity Scholarship		2,541
Dominion East Ohio Gas Company Scholarship		263
Feaser, Paul & Susan Scholarship		500
Fisher, Janet C. Scholarship		1,154
Flowers, Albert & Edith Scholarship		723
Graco Engineering Scholarship		10,000
Hallier, Robert & Celine Scholarship		189
Hamilton, Lynn Scholarship		220
Haverlock, William & Martha Scholarship		90
Hoover Foundation Scholarship		3,247
Hoover, Herbert Scholarship		3,433
Houston, Doris Scholarship		219
Jones, Para Scholarship		245
Kallis, Mel Scholarship		900
Kid's College Scholarship		272
Kimble Foundation Scholarship		1,955
Kirsch, Roland Mechanical Engineering Scholarship		1,000
Kismet Foundation Scholarship		1,546
Krugliak, Samuel Scholarship		404
Lemon, George W. Scholarship		411
Luntz, William & Sharon Scholarship		372
McGrath, John Presidential Scholarship		3,208
McIntosh, Walter & Bess Scholarship		200
President's Scholars Award		3,624

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

7. TEMPORARILY RESTRICTED NET ASSETS (continued)

Purpose Restriction Accomplished (continued)

Scholarships & Loans for Students (continued):

Rank, Ada & Helen Scholarship	1,261
Sabe, Ahmed Scholarship	209
SCADA Automotive Scholarship	2,825
Schlitz, William & Barbara Scholarship	3,531
Shannon, Mary & Joseph Scholarship	198
Silk, Fred F. Scholarship	13,153
Smerglia, Larry & Ginny Scholarship	208
Student Scholarship	2,774
West, Charles H. and Virginia C. Scholarship	411
Wilkof, Ervin & Marie Scholarship	1,021
Wilkof, Edward & Ruth Scholarship	581
Wilkof, Ronald & Ruthann Scholarship	197
Young, Dale A. and Marguerite M. Scholarship	<u>683</u>
Total Scholarships & Loans for Students	<u>115,768</u>

Student Services:

Society of Women in Engineering	<u>208</u>
Total Student Service	<u>208</u>

Professional Development:

Faculty and Staff Professional Development	4,659
Powers, Mary Professional Development	<u>300</u>
Total Professional Development	<u>4,959</u>

Departmental Equipment and Supplies:

Electrical Engineering Equipment	2,500
Instructional Resources	821
Oil & Gas Lab	<u>262,252</u>
Total Departmental Equipment and Supplies	<u>265,573</u>

Total Net Assets Released from Donor Restriction \$ 386,508

8. PERMANENTLY RESTRICTED NET ASSETS

Scholarships & Loans for Students:

Abel, Larry Scholarship	\$ 11,239
Akron Children's Hospital Scholarship	50,000
Albert, Leon & Helene Scholarship	18,059
Allied Dental Health Professionals Scholarship	7,003
Alumni Class Scholarship	88,153
Aultman Hospital Scholarship	30,250

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

8. PERMANENTLY RESTRICTED NET ASSETS (continued)

Scholarships & Loans for Students (continued):

Automotive Department Scholarship	12,037
Bobbitt, Robert T. and Hortense Scholarship	10,495
Bolgrin, Harrison Scholarship	5,000
Bridgestone/Firestone Automotive Scholarship	12,550
Cain, Alice PTA Scholarship	5,000
Cain, Edward and Henry Automotive Scholarship	242,000
Canton APICS Scholarship	20,755
Career Development Scholarship	7,511
Chiappini, Thomas & Deborah Scholarship	4,966
Colaner, David & Pauline Scholarship	10,005
DeHoff Family Scholarship	5,000
Deuble Foundation Scholarship	102,500
Diamond, J. Edward & Janet Scholarship	10,000
Diebold Foundation Scholarship	100,000
Disability Support Services Scholarship	8,094
Diversity Scholarship	62,576
Dominion East Ohio Gas Company Scholarship	10,000
Droney Scholarship	4,875
Engineering Memorial Scholarship	22,387
Faculty Association Scholarship	26,746
Feaser, Paul & Susan Scholarship	11,119
Fisher, Janet C. Scholarship	36,078
Flowers, Albert & Edith Scholarship	31,500
Fortisure Foundation Scholarship	1,000,000
Hallier, Robert & Celine Scholarship	6,352
Hamilton, Lynn Scholarship	5,500
Hatton, Katy Scholarship	5,325
Haverlock, William & Martha Scholarship	10,714
Hays, Sharon B. Scholarship	5,160
Hinderer, Robert & Gladys Scholarship	5,000
Hoover Foundation Scholarship	100,000
Hoover, Herbert Scholarship	100,000
Huston, Doris Scholarship	11,303
Jivens, John & Carol Scholarship	4,994
Jones, Para Scholarship	20,976
Kallis, Mel Scholarship	24,190
Kimble Foundation Scholarship	65,000
Kismet Foundation Scholarship	42,000
Krugliak, Samuel Scholarship	10,500
Lavery, William Scholarship	4,975
Lemon, George W. Scholarship	10,800
Loew Family Scholarship	7,160
Longo Sports Medicine Scholarship	5,979
Luntz, William & Sharon Scholarship	24,701

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

8. PERMANENTLY RESTRICTED NET ASSETS (continued)

Scholarships & Loans for Students (continued):

Maloney, Dr. James & Sally Scholarship	30,934
Management & Marketing Scholarship	4,181
Mann, Roger & Kathleen Veterans Scholarship	5,000
Martin II, Donnie Memorial Scholarship	4,966
McGrath, John Presidential Scholarship	81,457
McIntosh, Walter & Bess Scholarship	5,050
Miller, R C Scholarship	45,000
Miller, Ron Scholarship	5,000
Morford, Betty Scholarship	12,607
Myers, Selena Barberton Scholarship	4,966
Oil & Gas Scholarship	3,577
Rank, Ada & Helen Scholarship	45,000
Remark, Christopher & Stacey Nursing Scholarship	4,808
Robbins, Anna M. Memorial Scholarship	1,115
Sabe, Ahmed Scholarship	17,000
Saums, Ned Scholarship	12,966
SCADA Automotive Scholarship	75,000
Schiltz, William and Barbara Scholarship	100,837
Science Division Scholarship	7,781
Shannon, Mary & Joseph Scholarship	7,000
Shreve, Zak & Ben Scholarship	5,460
Silk, Fred F. Scholarship	315,000
Smerglia, Larry Scholarship	7,500
Smith, Fred Criminal Justice Scholarship	5,966
Smith, Marge Scholarship	23,541
SSC Trustees Scholarship	4,778
Sterner, Jayne Scholarship	6,945
Stevens, Eddie & Madeline Scholarship	10,400
Stokes, Marie Scholarship	7,125
Student Scholarship	134,081
Students of Promise Scholarship	102,909
Student Services Scholarship	2,252
Veteran's Scholarship	6,324
Wackerly, Patricia & Gene DeChellis Scholarship	4,800
Walters, Jeffrey & Brenda Scholarship	9,942
West, Charles H. and Virginia C. Scholarship	10,318
Westerbeck, John Scholarship	5,000
Wilkof, Edward & Ruth Scholarship	34,750
Wilkof, Ervin & Marie Scholarship	94,900
Wilkof, Ronald & Ruthanne Scholarship	19,505
Williams, Charles Scholarship	4,836
Young, Dale A. and Marguerite M. Scholarship	64,994
Total Scholarships & Loans for Students	<u>3,792,098</u>

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2014

8. PERMANENTLY RESTRICTED NET ASSETS (continued)

Professional Development:

Faculty and Staff Professional Development	114,646
Powers, Mary Professional Development	<u>9,993</u>
Total Professional Development	<u>124,639</u>

Departmental Equipment and Supplies:

Instructional Resources	<u>20,123</u>
Total Departmental Equipment and Supplies	<u>20,123</u>

Total Permanently Restricted Net Assets \$ 3,936,860

9. 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 accounts for income taxes in accordance with the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Foundation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of June 30, 2014, the Foundation has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

The Foundation files its Form 990 in the U.S. federal jurisdiction and an online charitable registration with the office of the state's attorney general for the State of Ohio. The Foundation is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2010.

10. RELATED ORGANIZATIONS

A significant portion of the general and administrative expenses of the Foundation, including salaries, are paid directly by the College and are therefore not reflected as operating expenses of the Foundation. The Foundation contributes funds to the College for scholarships, instructional equipment, supplies and buildings. During the year ended June 30, 2014, the Foundation contributed \$386,508 to the College for scholarships, instructional equipment and supplies and buildings.

**Independent Auditor’s 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***

Board of Directors
Stark State College Foundation

We have audited, in accordance with the 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, the financial statements of the Stark State College Foundation (the “Foundation”) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Stark State College Foundation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cini & Paricki, Inc.

Cleveland, Ohio
December 19, 2014



Dave Yost • 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
FEBRUARY 10, 2015**