



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Terra College Foundation
Sandusky County
Regular Audit
For the Year Ended June 30, 2017
Fiscal Year Audited Under GAGAS: 2017

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Dave Yost • Auditor of State

Board of Trustees
Terra Community College Foundation
2830 Napoleon Rd
Fremont, OH 43420-9670

We have reviewed the *Independent Auditor's Report* of the Terra Community College Foundation, Sandusky County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Community 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 2, 2018

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Terra College Foundation
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For the Fiscal Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Terra College Foundation
Sandusky County
2830 Napoleon Road
Fremont, OH 43420

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Terra College Foundation, Sandusky County, Ohio (the Organization), a component unit of Terra Community College, as of and for the years ended June 30, 2017, and 2016 and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Organization's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Terra College Foundation, Sandusky County, Ohio, as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with the 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 October 13, 2017 on our consideration of the Organization'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. That report describes the scope of our internal control testing over financial reporting and compliance, and results of that testing, and does not opine 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 Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Columbus, Ohio
October 13, 2017

Terra College Foundation
Statements of Financial Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash & cash equivalents	\$ 122,112	\$ 111,346
Contributions Receivable	18,524	39,102
Other receivables	69,934	67,484
Investments	5,390,256	4,771,275
Other Assets	<u>5,002</u>	<u>11,929</u>
Total assets	5,605,828	5,001,136
Liabilities		
Accounts payable	<u>-</u>	<u>23,403</u>
Total liabilities	<u>-</u>	<u>23,403</u>
Net assets		
Unrestricted	314,965	351,915
Temporarily restricted	2,547,381	2,159,315
Permanently restricted	<u>2,743,483</u>	<u>2,466,504</u>
Total net assets	<u>\$ 5,605,828</u>	<u>\$ 4,977,733</u>

See accompanying notes to the financial statements.

Terra College Foundation
Statement of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 7,153	\$ 146,228	\$ 276,979	\$ 430,360
Contributed services and supplies	127,394	-	-	127,394
Investment return	61,960	560,475	-	622,435
Net assets released from restrictions	318,637	(318,637)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	515,144	388,066	276,979	1,180,189
Expenses				
Program services				
Scholarships and loans	74,025	-	-	74,025
Instructional equipment	181,811	-	-	181,811
Other	49,515	-	-	49,515
Supporting Services				
Management and general	171,214	-	-	171,214
Fund raising	75,529	-	-	75,529
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	552,094	-	-	552,094
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	(36,950)	388,066	276,979	628,095
Net assets				
Net assets- beginning of year	351,915	2,159,314	2,466,504	4,977,733
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets- end of year	<u>\$ 314,965</u>	<u>\$ 2,547,380</u>	<u>\$ 2,743,483</u>	<u>\$ 5,605,828</u>

See accompanying notes to the financial statements.

Terra College Foundation
Statement of Activities
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 8,715	\$ 153,299	\$ 27,531	\$ 189,545
Contributed services and supplies	137,958	-	-	137,958
Investment return	32,204	(12,154)	-	20,050
Net assets released from restrictions	249,110	(249,110)	-	-
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Total revenues, gains and other support	427,987	(107,965)	27,531	347,553
Expenses				
Program services				
Scholarships and loans	86,032	-	-	86,032
Instructional equipment	126,195	-	-	126,195
Other	5,653	-	-	5,653
Supporting Services				
Management and general	134,171	-	-	134,171
Fund raising	89,893	-	-	89,893
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	441,944	-	-	441,944
Change in net assets	(13,957)	(107,965)	27,531	(94,391)
Net assets				
Net assets- beginning of year	365,872	2,267,279	2,438,973	5,072,124
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets- end of year	<u>\$ 351,915</u>	<u>\$ 2,159,314</u>	<u>\$ 2,466,504</u>	<u>\$ 4,977,733</u>

See accompanying notes to the financial statements.

Terra College Foundation
Statements of Cash Flows
For The Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 628,095	\$ (94,391)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain)/loss on investments	(296,281)	151,585
Contributions restricted for long-term purposes	(276,642)	(27,532)
Increase in Accounts receivable	(2,450)	(390)
(Increase) in contributions receivable	20,578	41,782
Increase/(Decrease) in Accounts payable	(16,476)	8,525
Net Cash From Operating Activities	56,824	79,579
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of long-term investments	(322,700)	(149,642)
Net Cash From Investing Activities	(322,700)	(149,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from contributions restricted for long-term purposes	276,642	27,532
Net Cash From Financing Activities	276,642	27,532
Net Increase (Decrease) in Cash and Cash Equivalents	10,766	(42,531)
Cash and Cash Equivalents, Beginning of the Year	111,345	153,876
Cash and Cash Equivalents, End of Year	\$ 122,111	\$ 111,345

See the accompanying notes to the financial statements.

TERRA COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2017 and 2016

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 \$127,394 and \$137,958 for the years ended June 30, 2017 and 2016 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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016

NOTE 3 – INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2017 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	\$ 205,416	\$-0-	\$-0-
Debt Securities	1,404,113	-0-	-0-
Equity Securities	<u>3,780,727</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 5,390,256</u>	<u>\$-0-</u>	<u>\$-0-</u>

The fair value of investments held by the Foundation at June 30, 2016 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	\$ 154,325	\$-0-	\$-0-
Debt Securities	1,452,384	-0-	-0-
Equity Securities	<u>3,164,566</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 4,771,275</u>	<u>\$-0-</u>	<u>\$-0-</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2017 and 2016 are promises to give from various donors that are unconditional and are summarized as follows:

	<u>2017</u>	<u>2016</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 10,333	\$ 20,265
One year to five years	8,828	19,811
Over five years	<u>0</u>	<u>0</u>
	19,161	40,076
Less:		
Unamortized discount and allowance		
for doubtful pledges	<u>637</u>	<u>974</u>
	<u>\$ 18,524</u>	<u>\$ 39,102</u>

NOTE 5 - SUPPORT TO TERRA COMMUNITY COLLEGE

During the years ended June 30, 2017 and 2016, the Foundation made contributions of approximately \$305,351 and \$217,880 to or on behalf of the College for both restricted and unrestricted purposes.

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

Terra College Foundation
Sandusky County
2830 Napoleon Road
Fremont, OH 43420

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Terra College Foundation, Sandusky County, (the Organization), a component unit of Terra Community College, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Organization's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Organization's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Organization'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, opining 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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group Inc.
Columbus, Ohio
October 13, 2017



Dave Yost • Auditor of State

TERRA COMMUNITY 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
JANUARY 16, 2018**