

North Central State College Foundation



Financial Statements

June 30, 2019

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
North Central State College Foundation, Inc.
2441 Kenwood Circle
Mansfield, Ohio 44906

We have reviewed the *Independent Auditor's Report* of the North Central State College Foundation, Inc., Richland County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2018 through June 30, 2019. 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 North Central State College Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2019

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central State College Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the North Central State College Foundation, Inc. (the Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2019, 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 *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 entity'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 entity'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.

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, 2019, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during the year ended June 30, 2019, the Foundation adopted the Financial Accounting Standards Board Update 2016-14 – Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. We did not modify our opinion regarding this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, 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. 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.

Plattenburg & Associates, Inc.
Plattenburg & Associates, Inc.
Cincinnati, Ohio
November 27, 2019

North Central State College Foundation, Inc.
Statement of Financial Position
As of June 30, 2019

ASSETS

Cash and cash equivalents	\$878,005
Investments	4,419,553
Interest in Assets held by Richland County Foundation	350,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	155,938
Capital Assets, Net	<u>2,007</u>
 Total Assets	 <u><u>\$5,805,503</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	<u>\$41,705</u>
 Total Liabilities	 <u>41,705</u>
 Net Assets:	
Without Donor Restrictions	40,833
With Donor Restrictions	5,372,965
With Donor Restrictions-Assets held by Richland County Foundation	<u>350,000</u>
 Total With Donor Restrictions	 <u>5,722,965</u>
 Total Net Assets	 <u>5,763,798</u>
 Total Liabilities and Net Assets	 <u><u>\$5,805,503</u></u>

The notes to the financial statements are an integral part of this statement.

North Central State College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</u>			
Contributions, net of future values and bad debts	\$86,130	\$646,604	\$732,734
Investment income, including realized and unrealized gains and losses, net		257,999	257,999
Richland County Foundation Revenue	47,120	0	47,120
Fundraising Revenue	60,550	0	60,550
Other Revenue	77,090	0	77,090
Net assets released from restrictions	409,922	(409,922)	0
	<u>680,812</u>	<u>494,681</u>	<u>1,175,493</u>
<u>EXPENSES</u>			
Program Services:			
Scholarships	409,922	0	409,922
Entrepreneur Hall of Fame	31,839	0	31,839
Professional development	2,077	0	2,077
Personnel reimbursement	81,247	0	81,247
Supporting Services:			
Management and general	27,756	0	27,756
Fundraising	7,158	0	7,158
	<u>559,999</u>	<u>0</u>	<u>559,999</u>
Changes in Net Assets	120,813	494,681	615,494
Net Assets, Beginning of Year	<u>(79,980)</u>	<u>5,228,284</u>	<u>5,148,304</u>
Net Assets, End of Year	<u>\$40,833</u>	<u>\$5,722,965</u>	<u>\$5,763,798</u>

The notes to the financial statements are an integral part of this statement.

North Central State College Foundation, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

Cash Flows from Operating Activities:	
Change in net assets	\$615,494
Adjustments to reconcile net assets to net cash used for operating activities:	
Decrease in contributions receivable	94,923
Decrease in accounts payable	<u>(21,214)</u>
Total adjustments	<u>73,709</u>
Net cash provided for operating activities	689,203
Cash flows from investing activities:	
Proceeds from sales of investments	3,869,096
Purchase of investments	<u>(4,419,553)</u>
Net cash used by investing activities	(550,457)
Net increase in cash and cash equivalents	138,746
Cash and cash equivalents at beginning of year	<u>739,259</u>
Cash and cash equivalents at end of year	<u><u>\$878,005</u></u>

The notes to the financial statements are an integral part of this statement.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

1. DESCRIPTION OF THE FOUNDATION

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting, under the provisions of FASB Accounting Standards Codification (ASC) No. 958 “Not-for-Profit Entities”. The Foundation is a not-for-profit organization established in accordance with Section 501(c) (3) of the Internal Revenue Code. The Foundation operates under a Board of Trustees who is appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Foundation reports unconditional promises to give, with payments due in future periods, as receivables and support in either net assets without or with donor restrictions 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

The Foundation has adopted the provisions of FASB Accounting Standards Codification (ASC) No. 958 *Not-for-Profit Entities*. Under ASC No. 958 the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

With Donor Restrictions

Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

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

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation reports 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 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 net assets without or with donor restrictions.

Donated Service and Facilities

The Foundation has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by business office personnel who are employees of North Central State College, utilizing equipment and facilities of North Central State College.

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by College personnel have been recognized in the Statement of Revenues, Expenses, and Changes in Net Assets as personnel reimbursement expenses as required by the accrual basis of accounting.

Contributions Receivable

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 net assets with donor restrictions 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 \$10,000 to establish a scholarship fund.

Prepaid Expenses

Certain payments to vendors for fundraising activities reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets acquired by the Foundation consist of office equipment. All expenditures for capital assets in excess of \$1,000 are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets not to exceed ten years.

Deferred Revenue

Deferred revenue results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred revenue is recognized as revenue in the period that the fundraising activity actually occurs.

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.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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 fluctuations, 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 those changes could materially affect the amounts reported in the financial statements.

At June 30, 2019, investments consisted of the following:

	Market / Carrying Value	Maturity					
		Less Than One Year	1-2 years	3-5 years	6-7 Years	Various within Fund	No Maturity
Money Market Investments - US Government Obligations	\$ 146,730	\$ 96,262	\$ 50,468	\$ -	\$ -	\$ -	\$ -
Coporate Bonds	\$ 115,485	\$ 15,083	\$ 24,963	\$ 75,439	\$ -	\$ -	\$ -
Mututal Funds - Fixed Income	\$ 700,141	\$ 37,967	\$ 253,657	\$ 115,181	\$ 79,736	\$ 213,600	\$ -
Mututal Funds - Equity Securities	\$ 1,810,355	\$ -	\$ -	\$ -	\$ -	\$ 1,810,355	\$ -
Common Stock	\$ 353,220	\$ -	\$ -	\$ -	\$ -	\$ 353,220	\$ -
ADR / Foreign Equities	\$ 1,136,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,014
Preferred Stock	\$ 90,229	\$ -	\$ 25,422	\$ -	\$ -	\$ -	\$ 64,807
ADR / Foreign Preferred REIT	\$ 6,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,443
	\$ 24,035	\$ -	\$ -	\$ -	\$ -	\$ 24,035	\$ -
Rights and Warrants	\$ 36,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,901
Marketable LLC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnerships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 4,419,553	\$ 149,312	\$ 354,510	\$ 190,620	\$ 79,736	\$ 2,401,210	\$ 1,244,165

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in ASC No. 820, 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 rise in pricing an asset or liability.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

3. INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2019 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Investments - US Government Obligations	\$ 146,730	\$ -	\$ -
Coporate Bonds	\$ 115,485	\$ -	\$ -
Mututal Funds - Fixed Income	\$ 700,141	\$ -	\$ -
Mututal Funds - Equity Securities	\$ 1,810,355	\$ -	\$ -
Common Stock	\$ 353,220	\$ -	\$ -
ADR/ Foreign Equities	\$ 1,136,014	\$ -	\$ -
Perferred Stock	\$ 90,229	\$ -	\$ -
ADR/ Foreign Preferred	\$ 6,443	\$ -	\$ -
REIT	\$ 24,035	\$ -	\$ -
Rights and Warrants	\$ 36,901	\$ -	\$ -
Total	\$ 4,419,553	\$ -	\$ -

4. CONTRIBUTIONS RECEIVABLE

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 estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The discount rate used for the year ended June 30, 2019 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions of those promises have been met.

Contributions receivable consisted of the following at June 30, 2019:

Unconditional promises to give before unamortized discount and allowance for uncollectible contributions:

Without Donor Restrictions	5,280
With Donor Restrictions	175,521
Gross Unconditional promises to give	<u>180,801</u>
Less: Unamortized Discount	(18,080)
Less: Allowance for uncollectible contributions	<u>(6,783)</u>
Amounts due: Less than one year	<u><u>155,938</u></u>

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

Restricted Time/Purpose	\$ 1,413,858
Richland County Foundation	350,000
Donor restricted endowment - Scholarships For Students	<u>3,959,107</u>
Total	<u><u>\$ 5,722,965</u></u>

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

Scholarships for Students	\$203,217
Other	<u>206,705</u>
Total Released Net Assets	<u><u>\$409,922</u></u>

Net assets with donor restrictions are those whose use by the Foundation has been limited by donors to a specific time period or purpose. They are available for the use of providing scholarships to the College's students, providing professional development funds to the College staff and for purchasing equipment for the benefit of the College.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The detail of non-endowment donor restrictions are as follows:

Scholarships for Students:	
Avita Health	1,856
ADA Ford Educ Aid	9,341
Alumni Association	2,709
Bennett	3,155
Brown Respiratory Care	2,116
Cardwell Neer	1,383
Carter Memorial	5,288
Chambers	162
Cobey	2,936
Coleman	4,423
Cress	3,932
Emerson	14,854
Diab	2,069
Dewald	6,343
Faculty	1,857
Forty Et Eight	2,970
Galion FOP	3,376
Garber	3,909
Gimble - Health Chair	177,027
G-R Civic	3,166
G-R Rupp	8,403
Gubkin	1,747
Hahn	1,280
Haring	3,980
Jenko	145,328
McCullum TFS - Health	2,900
Kroger	5,705
MIMA - Urban Center	2,983
Martin Speech	2,351
Necessities	47,831
Necessities - Crawford	21,194
Necessities - Shelby	22,337
Necessities - Wayne	10,594
Nursing	31,993
Title III	9,830
Orange and Blue	59,122
PTA Fund	5,250
Phillips Fund	8,630
Phillips E Troop	3,748
Plotts	1,238
President Emeritus	2,953
Preston	5,913
RMC	4,315
Scheaffer	1,793
Searle - PTA	14,554
Searle - RN	20,096
Welsh	8,378
Tech Prep	1,437
Vetter	2,044
YES Entrepreneur	6,379
ADA Ford Summer Access	2
Ambassador	9
Gimbel Scholarship	16,077
Gorman Fund	79,347
Scholarships (General)	33,011
Mansfield University	4,181
Rable Machine Scholarship	1,161
Tuition Freedom	33,506
Radiology Merit Scholarship	91
CDC Small Steps	1,143
NCSC Student Need Fund	26,241
Student Need Fund	6,095
Innovation Fund	259
OJA Conference/Scholarships	7,201
Double Dollars Campaign	8,810
Equipment	323,936
CC Project Fund	2,307
College Project Fund	14,240
Crawford Cty Project Fund	3,185
Women's Leadership	840
Restricted Projects	15,358
Urban Center Fund	59,307
Temporarily Restricted Other	60,373
	<hr/>
	1,413,858

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Donor-Restricted Endowment Fund

The Foundation's endowment fund was established to support scholarships for students. The original contributions to the endowment fund are donor restrictions that stipulate the original principal is to be held and invested by the Foundation indefinitely, and income from the fund is to be expended for scholarships for students. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence of donor imposed restrictions.

At June 30, 2019, the endowment fund is composed of the following:

Endowment fund balance	\$3,959,107
Amount required to be invested in perpetuity	<u>3,959,107</u>
Amount available for appropriation	<u><u>\$0</u></u>

Endowed Scholarships for Students	
Avita Health	10,000
ADA Ford Educ Aid	20,000
Alumni Association	22,319
Bennett	22,320
Brown Respiratory Care	12,116
Crawford Cty Project Fund	10,000
Cardwell Neer	10,227
Carter Memorial	31,267
Chambers	5,000
Cobey	19,201
Coleman	24,700
Cress	26,800
Diab	15,640
Dewald	53,079
Emerson	109,402
Faculty	13,102
Forty Et Eight	25,000
Galion FOP	13,376
Garber	29,975
Gimble - Health Chair	810,000
G-R Civic	22,463
G-R Rupp	56,661
Gubkin	11,263
Hahn	15,754
Haring	24,334
Jenko	699,933
McCullum TFS - Health	50,000
Kroger	36,129
MIMA - Urban Center	17,596
Martin Speech	13,104
Necessities	150,900
Necessities - Crawford	54,950
Necessities - Shelby	62,166
Necessities - Wayne	26,275
Nursing	237,623
Title III	150,000
Orange and Blue	394,283
PTA Fund	34,374
Phillips	48,000
Phillips E Troop	28,973
Plotts Endowment	10,500
President Emeritus	20,620
Preston	37,235
RMC	31,922
Sheaffer	11,708
Searle - PTA	100,000
Searle - RN	100,000
Welsh	53,678
Tech Prep	14,923
Vetter	12,125
YES Entrepreneur	40,835
Restricted Contributions	<u>107,256</u>
	3,959,107

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) 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 net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2019.

The changes in endowment net assets for the year ending June 30, 2019 are as follows:

Endowment net assets, July 1, 2018	\$3,765,786
Contributions	193,321
Investment return net	4,684
Amounts appropriated for expenditure	(4,684)
Endowment net assets, June 30, 2019	<u><u>\$3,959,107</u></u>

6. RICHLAND COUNTY FOUNDATION

During 1991, the Foundation established a “Direct Fund” in which an irrevocable gift was made to the Richland County Foundation. This fund is identified by the Richland County Foundation as the North Central State College Foundation “Endowment Fund” and is subject to the provisions contained within the fund agreement dated December 31, 1991. This fund is the property of the Richland County Foundation, whereby, those funds will be held in perpetuity, and the investment income will be distributed to the Foundation annually to benefit the North Central State College. One of the provisions in this fund agreement, the variance power, concerns the power to vary some of the terms of the agreement. As defined by United States Treasury Regulations, the Richland County Foundation has the right to modify the terms of the fund agreement if in the judgment of the Richland County Foundation’s Board of Trustees, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

6. RICHLAND COUNTY FOUNDATION (Continued)

The portion of this fund contributed by the Foundation is considered a reciprocal transfer because the Foundation is also the beneficiary of this fund. This balance is shown on the Richland County Foundation's Statement of Financial Position as a liability called "Funds Held as Agency Endowments". This amounted to \$350,000 at June 30, 2019.

In addition, the portion of this fund contributed by unrelated third party donors is considered a contribution to the Richland County Foundation and is included in the net assets of Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2019 totaled \$345,338.

7. INCOME TAXES

The Foundation is a not-for-profit corporation as described in Section 501 (c) (3) of the Internal Revenue Code, and the organization is exempt from federal and state income taxes.

8. RELATED PARTY

The Foundation is affiliated with the College. During the year ended June 30, 2019, the College provided the Foundation with professional services valued at \$81,247. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2019, the Foundation provided scholarships and support to the College of \$409,922.

9. EXPENSE DISCLOSURES

	Program Activities					Supporting Activities			Total Expenses
	Scholarships	Entrepreneur Hall of Fame	Professional Development	Personnel Reimbursement	Supporting Total	Management and General	Fund-Raising	Supporting Total	
Wages and Benefits	\$0	\$0	\$0	\$81,247	\$81,247	\$0	\$0	\$0	\$81,247
Services and Professional Fees	203,217	15,600	0	0	218,817	4,732	0	4,732	223,549
Advertising Fees	0	264	0	0	264	0	0	0	264
Supplies, Printing, and Postage	0	0	0	0	0	3,658	0	3,658	3,658
Staff Development	0	0	2,077	0	2,077	0	0	0	2,077
Software Licenses and Support	0	0	0	0	0	2,680	0	2,680	2,680
Misc Expense	206,705	15,975	0	0	222,680	16,686	7,158	23,844	246,524
Total Expenses	\$409,922	\$31,839	\$2,077	\$81,247	\$525,085	\$27,756	\$7,158	\$34,914	\$559,999

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

9. EXPENSE DISCLOSURES (Continued)

Some categories of expense are attributable to more than one activity and require allocation, applied on a consistent basis.

Wages and benefits are allocated on the basis of employee duties.

Services and Professional Fees are allocated when services are rendered by an outside person or entity outside of the skill set of Foundation employees.

Advertising fees are allocated when print / voice / or social media messaging takes place.

Supplies, printing and postage are allocated as such items are acquired.

Insurance is allocated when premiums are paid

Software licenses and support fees are allocated as annual fees or updates are required.

Depreciation is allocated when capital assets are acquired until the item is fully depreciated.

Miscellaneous expenses are assigned directly to specific activities as expenditures are made.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflect the Foundation's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial statement date.

	2019
Cash and Cash Equivalents	\$878,005
Investments	4,419,553
Assets Held by Richland County Foundation	350,000
Contributions Receivable	155,938
	<hr/> 5,803,496
Less amounts unavailable for general expenditures within one year, due to:	
Donor-restricted time/purpose	1,763,858
Donor-restricted to maintain as an endowment	3,959,107
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<hr/> \$80,531

As part of the Foundation's liquidity management, the Foundation invests cash in excess of requirements in various types of investments.

11. NEW ACCOUNTING PRINCIPLE

The Foundation has adopted new accounting guidance, FASB ASU 2016-14, **Not-for-Profit Entities** (Topic 958): **Presentation of Financial Statements of Not-for-Profit Entities**. This guidance required changes to the presentation of categories of net assets and required certain new disclosures.

12. SUBSEQUENT EVENTS

The Foundation has evaluated events occurring between the end of its most recent fiscal year and November 27, 2019, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

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North Central State College Foundation



Yellow Book Report

June 30, 2019

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**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 Trustees
North Central State College Foundation, Inc.

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 North Central State College Foundation, Inc. (the Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2019, 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 November 27, 2019, wherein we noted the Foundation adopted ASU 2016-14 as disclosed in Note 11.

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 opinions 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 entity'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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.

Cincinnati, Ohio

November 27, 2019

OHIO AUDITOR OF STATE KEITH FABER



NORTH CENTRAL STATE COLLEGE FOUNDATION

RICHLAND 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 26, 2019**