

# Northwest State Community College Foundation



## Financial Statements

June 30, 2020



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Northwest State Community College Foundation  
22600 State Route 34  
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We have reviewed the *Independent Auditor's Report* of the Northwest State Community College Foundation, Henry County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. 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 Northwest State Community College Foundation 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

November 6, 2020

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**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION  
HENRY COUNTY, OHIO**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northwest State Community College Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of Northwest State Community College Foundation (the Foundation), (a nonprofit organization), a component unit of Northwest State Community College, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, 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, 2020, and the changes in its net assets and its cash flows for the year 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 15, 2020, 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.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 15, 2020



**Northwest State Community College Foundation**  
**Statement of Financial Position**  
**June 30, 2020**

**ASSETS**

Cash and cash equivalents	\$ 144,060
Marketable securities	5,883,590
Pledges receivable	<u>9,333</u>
Total assets	<u><u>\$ 6,036,983</u></u>

**LIABILITIES & NET ASSETS**

**LIABILITIES:**

Accounts Payable	\$ 4,045
Loans Payable	<u>28,900</u>
Total liabilities	<u>32,945</u>

**NET ASSETS:**

Without donor restrictions	1,887
With donor restrictions	<u>6,002,151</u>
Total net assets	<u>6,004,038</u>
Total liabilities and net assets	<u><u>\$ 6,036,983</u></u>

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

**Northwest State Community College Foundation**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

<b>REVENUES, GAINS AND OTHER SUPPORT</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Contributions			
Individuals	\$ 20,561	\$ 68,356	\$ 88,917
Business organizations	1,096	171,283	172,379
Foundations	-	13,000	13,000
In Kind Contributions	103,907	2,978	106,885
Investment return	658	2,684	3,342
Net assets released from restrictions			
Restrictions satisfied by payments	575,263	(575,263)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>701,485</b>	<b>(316,962)</b>	<b>384,523</b>
 <b>EXPENSES</b>			
Program services			
Scholarships	494,873	-	494,873
Donations	35,101	-	35,101
Supporting services			
Management and general	168,445	-	168,445
Fundraising	45,206	-	45,206
<b>TOTAL EXPENSES</b>	<b>743,625</b>	<b>-</b>	<b>743,625</b>
<b>CHANGE IN NET ASSETS</b>	<b>(42,140)</b>	<b>(316,962)</b>	<b>(359,102)</b>
<b>BEGINNING NET ASSETS</b>	<b>44,027</b>	<b>6,319,113</b>	<b>6,363,140</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,887</b>	<b>\$ 6,002,151</b>	<b>\$ 6,004,038</b>

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

**Northwest State Community College Foundation**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

<b>Expenses</b>	<b>Program Services</b>	<b>Support Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Scholarships and loan expenditures to Northwest State Community College	\$ 494,873	\$ -	\$ -	\$ 494,873
Donations to Northwest State Community College	35,101	-	-	35,101
Professional service	-	5,294	-	5,294
Services provided by Northwest State Community College	-	59,123	44,785	103,908
Other	-	104,028	421	104,449
<b>TOTAL EXPENSES</b>	<b>\$ 529,974</b>	<b>\$ 168,445</b>	<b>\$ 45,206</b>	<b>\$ 743,625</b>

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

**Northwest State Community College Foundation**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Unrestricted contributions	\$ 21,657
Restricted contributions	296,780
Investment return	203,512
Payments for management services & fundraising	(102,721)
Payments for scholarships and donations	(529,974)
Net cash provided (used) by operating activities	<u>(110,746)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Marketable Securities	(685,026)
Sales of Marketable Securities	834,857
Net cash provided (used) by investing activities	<u>149,831</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from loans	<u>28,900</u>
Net cash provided (used) by financing activities	<u>28,900</u>

Net increase (decrease) in cash and cash equivalents 67,985

Cash - beginning of year	<u>76,075</u>
Cash - end of year	<u>\$ 144,060</u>

Reconciliation of change in net assets to net cash used by operating activities:

Change in Net Assets	\$ (359,102)
Noncash In Kind Contributions	106,885
Noncash In Kind Expenses	(106,885)
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:	
Net Unrealized Investment (Gain) Loss	200,170
(Increase)/Decrease in Accounts Receivable	5,200
(Increase)/Decrease in Accounts Receivable - NSCC	15,000
(Increase)/Decrease in Pledges Receivable, net	23,941
Increase/(Decrease) in Accounts payable	4,045
Net cash provided (used) by operating activities	<u>\$ (110,746)</u>

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

**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 1 – REPORTING ENTITY**

Northwest State Community College Foundation (Foundation) is a legally separate, tax-exempt organization supporting Northwest State Community College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates, community members and friends of the College. The majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the College by its donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** – Northwest State Community College Foundation (the Foundation) exists to provide financial assistance to the educational programs, services and facilities of Northwest State Community College. To that end, the Foundation solicits inter-vivos and testamentary gifts.

**BASIS OF ACCOUNTING** – The financial statements of Northwest State Community College Foundation have been prepared on the accrual basis and accordingly reflect all significant receivables, payables and other liabilities.

**BASIS OF PRESENTATION** – The financial statement presentation of Northwest State Community College 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** – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of 3 months or less as cash and cash equivalents.

**CONTRIBUTIONS AND PROMISES TO GIVE** – Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, 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. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Northwest State Community College, utilizing equipment and facilities of Northwest State Community 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 the College personnel in the amount of \$103,907 have been recognized in the Statement of Activities as “In-Kind” supporting revenue and as supporting expense as required by ASC 958-25.

**MANAGEMENT ESTIMATES** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**INCOME TAX STATUS** – The Foundation is a not-for-profit organization that the Internal Revenue Service has determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**INVESTMENTS** – Investments are comprised of mutual funds and are carried at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**EXPENSE ALLOCATION** – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates.

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**FAIR VALUE OPTION** – Management has elected the fair value option for pledges receivable. Management believes that the use of the fair value option for pledges receivable better reflects the value of the assets based on the anticipated investment return when the assets are realized in cash. Unrealized gains or losses on assets or liabilities for which the fair value option has been elected are reported in the Statement of Activities. The decision to elect the fair value option is determined on an instrument by instrument basis, and is irrevocable once elected. At this time, the Foundation has not elected to apply the fair value option to any other financial instrument, except investments.

**ACCOUNTING PRONOUNCEMENTS ADOPTED** – In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10)*. As of July 1, 2019, the Foundation adopted ASU No. 2016-01, which changes the accounting for certain equity investments, financial liabilities under the fair value option, and presentation and disclosure requirements for financial instruments. This standard was adopted retrospectively and did not have a material impact on the Foundation’s financial statements.

**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 3 – MARKETABLE SECURITIES**

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in ASC 820-10, *Fair Value Measurements*, 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 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 the 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.

The fair value of investments held by the Foundation as June 30, 2020 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)
Mutual Funds:			
DFA Emerging Markets (DFCEX)	320,992	-0-	-0-
DFA International Core (DFIEX)	952,617	-0-	-0-
DFA International Real Estate (DFITX)	171,201	-0-	-0-
DFA U.S. Core Equity 2 (DFQTX)	1,933,592	-0-	-0-
DFA Five Year Global Fixed (DFGBX)	471,941	-0-	-0-
DFA One Year Fixed Income (DFIHX)	463,584	-0-	-0-
DFA Short Duration Real (DFAIX)	452,109	-0-	-0-
DFA Targeted Credit (DTCPX)	467,237	-0-	-0-
Vanguard Interm Term (VFIDX)	470,787	-0-	-0-
Vanguard Real Estate (VGS LX)	<u>179,530</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$5,883,590</u>	<u>\$-0-</u>	<u>\$-0-</u>

**NOTE 4 – PLEDGES RECEIVABLE**

Unconditional promises to give are valued at fair value based on the criteria in Note 2. Unconditional promises to give are discounted based on the Foundation’s current total investment return on its investment portfolio, but are not discounted below zero. Total unamortized discount is \$575 as of June 30, 2020. No allowance for uncollectible promises to give is considered necessary.

The fair value of the Foundation’s unconditional promises to give as of June 30, 2020 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Less than one year	\$ 0	\$ 9,333	\$ 0
One to five years	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 9,333</u>	<u>\$ 0</u>

**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 5 – SUPPORT OF NORTHWEST STATE COMMUNITY COLLEGE**

Not included in these financial statements is the Northwest State Community College, a component unit of the State of Ohio. The College is organized for the principal purpose of offering educational programs beyond high school, normally not exceeding two years duration, and leading to the award of an associate degree.

The Foundation contributes funds to the College for scholarships and other designated purposes. The contributions are subject to the approval by the Board of Directors of the Foundation. The College paid expenses related to the Foundation’s scholarships which were then reimbursed.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020
Time/Purpose Restricted - Northwest State Community College Support	
Student Scholarships	\$ 4,581,743
Loan funds	95,687
Capital Projects	19,925
Donor Restricted Endowment	1,304,796
<b>Total</b>	<b>\$ 6,002,151</b>

Donor-Restricted Endowment Fund

The Foundation’s endowment fund was established to support Northwest State Community College. The contributions to the endowment fund contain 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 support. 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.

The changes in endowment net assets for the year ending June 30, 2020 are as follows:

	2020
Endowment net assets, Beginning of Year	\$ 1,184,746
Contributions	120,050
Endowment net assets, End of Year	\$ 1,304,796

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 Uniform Prudent Management of Institutional Funds Act (Ohio Revised Code §§ 1715.51 to 1715.59, hereafter UPMIFA) requires the Foundation to retain as a fund of perpetual duration. There were no fund deficiencies as of June 30, 2020.

The Foundation has adopted investment and spending policies for Foundation fund assets that attempt to provide a predictable stream of funding to programs supported by its Foundation fund assets while seeking to maintain the purchasing power of the donor restricted endowment fund assets by not invading principal. The Foundation’s spending and investment policies are designed to work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to exceed the rate of inflation (Consumer Price Index) by the average annual spending distribution percent, plus management fees over time on an annualized basis. Actual returns in any given year may vary from this amount.



**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money to be distributed annually from the Foundation's restricted and unrestricted funds in support of its programs. The current spending policy for each fund is 4.5% of a three-year rolling average of the market value of the Endowed fund. Accordingly, over the long term, the Foundation expects the current spending policy to allow its donor restricted endowment assets to grow annually. This is consistent with the Foundation's objectives to maintain the purchasing power of donor restricted endowment assets as well as to provide additional real growth through new gifts and investment return.

Management has reviewed UPMIFA and recognizes the importance of the preservation of the donor restricted endowment funds absent explicit donor stipulations as well as the safeguarding of the original gifts to provide support to the Foundation in perpetuity. As a result, the Foundation classifies as restricted net assets (a) the original gifts donated to the donor restricted endowment fund, (b) the original value of subsequent gifts to the donor restricted endowment fund, and (c) earnings of the permanent donor restricted endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the earnings are added to the fund. The remaining portion of the donor restricted endowment fund that is classified as restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA.

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

1. Duration and preservation of the donor restricted endowment fund
2. Purpose of the donor restricted endowment fund
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. Investment policy of the Foundation

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**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 7 – 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.

	2020
Cash and Cash Equivalents	\$ 144,060
Investments	5,883,590
Receivables	9,333
	6,036,983
Accounts Payable	4,045
Loans Payable	28,900
	32,945
Less amounts unavailable for general expenditures within one year, due to:	
Donor-restricted purpose or time	4,697,355
Donor-restricted to maintain as an endowment	1,304,796
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,887

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

**NOTE 8 – LOAN PAYABLE**

During the year the Foundation obtained a \$28,900 loan from the Small Business Administration. This loan was part of the Paycheck Protection Program. If certain terms are met, the loan will be forgiven at a future date. The loan has no interest or payment terms since the loan is expected to be forgiven.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions from June 30, 2020 through October 15, 2020, for possible recognition or disclosure in these financial statements. This date is the date these financials were available to be issued. Management concluded there were no subsequent events that required recognition or disclosure.

# **Northwest State Community College Foundation**



## **Yellow Book Report**

**June 30, 2020**

**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  
Northwest State Community 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 Northwest State Community College Foundation (the Foundation), (a nonprofit organization), a component unit of Northwest State Community College, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2020.

**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) as a basis for designing 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 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 financial statements. 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.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 15, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION**

**HENRY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/19/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)