

# North Central State College Foundation

RICHLAND COUNTY



## REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2020

**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, 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 North Central State College Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 31, 2020

Board of Trustees

**This page intentionally left blank.**

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
RICHLAND COUNTY  
FOR THE YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report.....	1
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements .....	6
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 <i>Government Auditing Standards</i> .....	19

**This page intentionally left blank.**

## 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, 2020, 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, 2020, 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 November 25, 2020, 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 25, 2020



**North Central State College Foundation, Inc.**  
*Statement of Financial Position*  
*As of June 30, 2020*

**ASSETS**

Cash and cash equivalents	\$445,234
Investments	5,133,435
Interest in Assets held by Richland County Foundation	350,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	127,140
Prepaid Expense	11,447
Emergency Loan Receivable	1,883
Capital Assets, Net	<u>2,007</u>
Total Assets	<u><u>\$6,071,146</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts Payable	\$38,364
Deferred Income	<u>38,580</u>
Total Liabilities	<u>76,944</u>
Net Assets:	
Without Donor Restrictions	239,021
With Donor Restrictions	5,405,181
With Donor Restrictions-Assets held by Richland County Foundation	<u>350,000</u>
Total With Donor Restrictions	5,755,181
Total Net Assets	<u>5,994,202</u>
Total Liabilities and Net Assets	<u><u>\$6,071,146</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>			
Contributions, net of future values and bad debts	\$154,795	\$488,736	\$643,531
Investment income, including realized and unrealized gains and losses, net	55,452	165,730	\$221,182
Fundraising Revenue	10,920	0	\$10,920
Other Revenue	107,309	0	\$107,309
Net assets released from restrictions	622,250	(622,250)	\$0
	<u>950,726</u>	<u>32,216</u>	<u>982,942</u>
<b><u>EXPENSES</u></b>			
Program Services:			
Scholarships	622,250	0	622,250
Professional development	396	0	396
Personnel reimbursement	85,773	0	85,773
Supporting Services:			
Management and General	36,039	0	36,039
Fundraising	8,080	0	8,080
	<u>752,538</u>	<u>0</u>	<u>752,538</u>
Changes in Net Assets	198,188	32,216	230,404
Net Assets, Beginning of Year	40,833	5,722,965	5,763,798
Net Assets, End of Year	<u>\$239,021</u>	<u>\$5,755,181</u>	<u>\$5,994,202</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, 2020*

---

<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$230,404
Adjustments to reconcile net assets to net cash used for operating activities:	
Decrease in contributions receivable	28,798
Increase in emergency loan receivable	(1,883)
Increase in prepaid expenses	(11,447)
Decrease in accounts payable	(3,341)
Increase in deferred revenue	38,580
Contributions restricted for investment in endowment	<u>488,736</u>
 Total adjustments	 <u>539,443</u>
 Net cash provided for operating activities	 769,847
 <b>Cash flows from investing activities:</b>	
Proceeds from sales of investments	4,419,553
Purchase of investments	<u>(5,133,435)</u>
 Net cash used by investing activities	 (713,882)
 <b>Cash flows from financing activities:</b>	
Proceeds from contributions restricted for investment in endowment	<u>(488,736)</u>
 Net cash used by financing activities	 <u>(488,736)</u>
 Net decrease in cash and cash equivalents	 (432,771)
 Cash and cash equivalents at beginning of year	 <u>878,005</u>
 Cash and cash equivalents at end of year	 <u><u>\$445,234</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, 2020*

---

**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 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. The Foundation requires an initial minimum balance of \$10,000 to establish a scholarship fund.

*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.

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Cash Equivalents*

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

*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.

*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 Income*

Deferred income results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred income 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, 2020*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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, 2020, 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	\$ 109,454	\$ 37,307	\$ -	\$ -	\$ -	\$ 25,255	\$ 46,892
Corporate Bonds	\$ 127,842	\$ 75,877	\$ 51,965	\$ -	\$ -	\$ -	\$ -
Mutual Funds - Fixed Income	\$ 1,123,927	\$ -	\$ -	\$ -	\$ -	\$ 1,123,927	\$ -
Securities	\$ 2,154,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,154,570
Common Stock	\$ 327,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,980
ADR / Foreign Equities	\$ 1,121,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121,896
Preferred Stock	\$ 106,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,423
ADR / Foreign Preferred	\$ 6,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,111
REIT	\$ 30,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,234
Rights and Warrants	\$ 24,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,998
Marketable LLC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnerships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 5,133,435</b>	<b>\$ 113,184</b>	<b>\$ 51,965</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,149,182</b>	<b>\$ 3,819,104</b>

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

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**3. INVESTMENTS (Continued)**

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.

The fair value of investments held by the Foundation at June 30, 2020 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	\$ 109,454	\$ -	\$ -
Corporate Bonds	\$ 127,842	\$ -	\$ -
Mutual Funds - Fixed Income	\$ 1,123,927	\$ -	\$ -
Mutual Funds - Equity Securities	\$ 2,154,570	\$ -	\$ -
Common Stock	\$ 327,980	\$ -	\$ -
ADR / Foreign Equities	\$ 1,121,896	\$ -	\$ -
Preferred Stock	\$ 106,423	\$ -	\$ -
ADR / Foreign Preferred	\$ 6,111	\$ -	\$ -
REIT	\$ 30,234	\$ -	\$ -
Rights and Warrants	\$ 24,998	\$ -	\$ -
Total	\$ 5,133,435	\$ -	\$ -

**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, 2020 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, 2020:

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**CONTRIBUTIONS RECEIVABLE (Continued)**

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

Without Donor Restrictions	5,205
With Donor Restrictions	142,400
Gross Unconditional promises to give	<u>147,605</u>
Less: Unamortized Discount	(5,705)
Less: Allowance for uncollectible contributions	(14,760)
Amounts due: Less than one year	<u><u>127,140</u></u>

**5. NET ASSETS WITH DONOR RESTRICTIONS**

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

Restricted Time/Purpose	\$ 1,261,796
Richland County Foundation	350,000
Donor restricted endowment - Scholarships For Students	<u>4,143,385</u>
<b>Total</b>	<u><u>\$ 5,755,181</u></u>

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

Scholarships for Students	\$165,801
Other	<u>456,449</u>
Total Released Net Assets	<u><u>\$622,250</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, 2020*

---

**5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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

<b>Donor Restrictions:</b>	
Avita Health	1,422
ADA Ford Educ Aid	9,974
Alumni Association	1,423
Bennett	3,115
Brown Respiratory Care	1,499
Crawford County Scholarships	93
Cardwell Neer	958
Carter Memorial	6,278
Chambers	321
Cobey	2,544
Coleman	4,535
Cress	4,030
Diab	2,055
Dewald	6,738
Emerson	13,444
Faculty	1,523
Forty Et Eight	3,292
Galion FOP	1,974
Garber	3,355
Gimble - Health Chair	204,236
G-R Civic	3,127
G-R Rupp	9,947
Gubkin	1,696
Hahn	1,779
Haring	4,750
Jenko	128,786
Hamilton Insurance Group	537
McCullum TFS - Health	6,067
Kroger	3,849
MIMA - Urban Center	2,544
Martin Speech	2,761
Necessities	44,637
Necessities - Crawford	22,434
Necessities - Shelby	24,306
Necessities - Wayne	11,426
Nursing	32,519
Title III	14,579

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Orange and Blue	60,056
PTA Fund	4,948
Phillips Fund	10,150
Phillips E Troop	4,666
Plotts	1,555
President Emeritus	3,606
Preston	5,585
RMC	4,326
Scheaffer	1,163
Searle - PTA	13,720
Searle - RN	16,300
Welsh	8,828
Tech Prep	1,785
Solt	51
Vetter	1,865
YES Entrepreneur	5,173
ADA Ford Summer Access	2
Ambassador	9
Gimbel Scholarship	10,552
Gorman Fund	52,596
Scholarships (General)	33,386
Mansfield University	3,735
Peoples Savings & Loan	1,000
Rable Machine Scholarship	1,421
Tuition Freedom	125,981
Radiology Merit Scholarship	91
Certificate Program	2,100
CDC Small Steps	1,143
NCSC Student Need Fund	26,306
Student Need Fund	6,116
Crawford Student Need Fund	840
Innovation Fund	302
OJA Conference/Scholarships	3,222
Response Fund	10,524
Double Dollars Campaign	8,810
Equipment	88,171
CC Project Fund	12,308
College Project Fund	14,240

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Special Events	19,398
Women's Leadership	808
Restricted Projects	15,358
Urban Center Fund	59,307
Temporarily Restricted Other	31,740
	<u>1,261,796</u>

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, 2020, the endowment fund is composed of the following:

Endowment fund balance	\$4,143,385
Amount required to be invested in perpetuity	<u>4,143,385</u>
Amount available for appropriation	<u><u>\$0</u></u>

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

<b>Endowed Scholarships for Students:</b>	
Avita Health	10,000
ADA Ford Educ Aid	20,000
Alumni Association	22,913
Bennett	22,495
Brown Respiratory Care	12,116
Crawford Cty Project Fund	10,030
Cardwell Neer	10,325
Carter Memorial	31,267
Chambers	5,000
Cobey	19,201
Coleman	25,176
Cress	26,800
Diab	16,033
Dewald	88,179
Emerson	115,066
Faculty	13,162
Forty Et Eight	25,000
Galion FOP	13,376
Garber	30,150
Gimble - Health Chair	860,000
G-R Civic	22,463
G-R Rupp	56,661
Gubkin	11,263
Hahn	15,754
Haring	24,334
Jenko	699,933
Hamilton Insurance Group	1,500
McCullum TFS - Health	100,000
Kroger	36,129
MIMA - Urban Center	17,846
Martin Speech	13,259
Necessities	152,234
Necessities - Crawford	54,950
Necessities - Shelby	62,166
Necessities - Wayne	26,275
Nursing	237,743
Title III	150,000
Orange and Blue	395,773

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

PTA Fund	44,374
Phillips	48,000
Phillips E Troop	28,973
Plotts Endowment	11,000
President Emeritus	20,620
Preston	38,235
RMC	31,922
Sheaffer	11,707
Searle - PTA	100,000
Searle - RN	100,212
Welsh	53,678
Tech Prep	14,969
Solt	25,000
Vetter	12,125
YES Entrepreneur	40,835
Restricted Contributions	107,163
	4,143,385

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 restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2020.

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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

Endowment net assets, July 1, 2019	\$3,959,107
Contributions	184,278
Investment return net	94
Amounts appropriated for expenditure	(94)
Endowment net assets, June 30, 2020	<u>\$4,143,385</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.

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, 2020.

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, 2020 totaled \$344,171.

**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, 2020, the College provided the Foundation with professional services valued at \$85,773. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2020, the Foundation provided scholarships and support to the College of \$622,250.

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

**9. EXPENSE DISCLOSURES**

	Program Activities				Supporting Activities			Total Expenses
	Scholarships	Professional Development	Personnel Reimbursement	Program Total	Management and General	Fund-Raising	Supporting Total	
Wages and Benefits	0	0	85,773	85,773	0	0	0	85,773
Services and Professional Fees	165,801	0	0	165,801	6,940	0	6,940	172,741
Advertising Fees	0	0	0	0	0	0	0	0
Supplies, Printing, and Postage	0	0	0	0	2,556	0	2,556	2,556
Staff Development	0	396	0	396	0	0	0	396
Insurance	0	0	0	0	0	0	0	0
Software Licenses and Support	0	0	0	0	6,286	0	6,286	6,286
Misc Expense	456,449	0	0	456,449	20,257	8,080	28,337	484,786
Total Expenses	<u>\$622,250</u>	<u>\$396</u>	<u>\$85,773</u>	<u>\$708,419</u>	<u>\$36,039</u>	<u>\$8,080</u>	<u>\$44,119</u>	<u>\$752,538</u>

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.

	2020
Cash and Cash Equivalents	445,234
Investments	5,133,435
Assets Held by Richland County Foundation	350,000
Contributions Receivable	127,140
Prepaid Expense	11,447
Loan Receivable	1,883
	<u>\$6,069,139</u>
Less amounts unavailable for general expenditures within one year, due to:	
Donor-restricted purpose	1,611,796
Donor-restricted to maintain as an endowment	4,143,385
	<u><u>\$313,958</u></u>

Financial assets available to meet cash needs for general expenditures within one year

**North Central State College Foundation, Inc.**

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

**10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

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

**11. SUBSEQUENT EVENTS**

The Foundation has evaluated events occurring between the end of its most recent fiscal year and November 25, 2020, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

**12. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Foundation. The Foundation's investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Foundation's future operating costs and revenues cannot be estimated.



**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, 2020, 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 25, 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 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 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.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
Cincinnati, Ohio  
November 25, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**NORTH CENTRAL STATE COLLEGE FOUNDATION**

**RICHLAND 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 1/14/2021**

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)