

**GARY B. FINK & ASSOCIATES, INC.**

*CERTIFIED PUBLIC ACCOUNTANTS*

STARK STATE COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Professional Accountants  
for  
Professional Government

STARK STATE COLLEGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

STARK STATE COLLEGE FOUNDATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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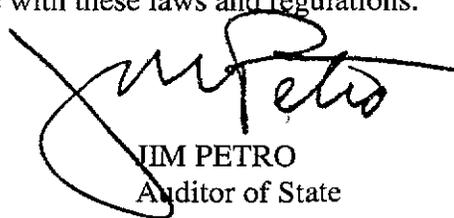
STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Stark State Technical College Foundation  
Canton, Ohio

We have reviewed the Independent Auditor's Report of the Stark State Technical College Foundation, Stark County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark State Technical College Foundation is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

January 10, 2000

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Stark State College Foundation  
6200 Frank Avenue, NW  
Canton, OH 44720-7299

We have audited the accompanying statement of financial position of Stark State College Foundation (the Foundation) as of June 30, 1999, and related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 1999 and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 1999 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 grants.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 6, 1999

**Stark State College Foundation**  
**Statement of Financial Position**  
**June 30, 1999**

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ASSETS

Cash and cash equivalents held in custody of others	\$60,434
Conditional promise to give	
Restricted to dental hygiene clinic	14,320
Unconditional promise to give	
Unrestricted to golf outing	2,000
Long-term investments	<u>762,168</u>
Total Assets	<u>838,922</u>

LIABILITIES

Accounts payable	<u>8,918</u>
Total Liabilities	<u>8,918</u>

NET ASSETS

Unrestricted	25,185
Temporarily restricted	238,688
Permanently restricted	<u>566,131</u>
Total Net Assets	<u>830,004</u>
Total Liabilities and Net Assets	<u>\$838,922</u>

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

Stark State College Foundation  
Statement of Activities  
June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Individuals	\$759	\$0	\$0	\$759
Corporations and Foundations	675	0	0	675
Special events	20,620	0	0	20,620
Investment income	275	9,529	360	10,164
Support for the dental hygiene clinic	0	2,200	0	2,200
Support for aesthetics	0	64	0	64
Support for scholarships	0	2,500	0	2,500
Realized/Unrealized gains and losses, net	0	132,440	5,457	137,897
Endowment fund support	0	0	24,742	24,742
Net assets released from restrictions (Note 5)				
Restrictions satisfied by payments	60,625	(60,625)	0	0
<b>Total Support and Revenues</b>	<b>82,954</b>	<b>86,108</b>	<b>30,559</b>	<b>199,621</b>
<b>EXPENSES</b>				
Supporting college activities				
Scholarships for students	21,543	0	0	21,543
Faculty and staff professional development	4,209	0	0	4,209
Special events	11,765	0	0	11,765
Aesthetics	87	0	0	87
Instructional equipment and supplies	28,316	0	0	28,316
Operations				
Management and general	10,471	0	0	10,471
Support to alumni association	389	0	0	389
<b>Total Expenses</b>	<b>76,780</b>	<b>0</b>	<b>0</b>	<b>76,780</b>
Change in Net Assets	6,174	86,108	30,559	122,841
Net Assets, Beginning of Year	19,011	152,580	535,572	707,163
Net Assets, End of Year	\$25,185	\$238,688	\$566,131	\$830,004

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

Stark State College Foundation  
Statement of Cash Flows  
June 30, 1999

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Cash flows from operating activities:

Change in net assets	\$122,841
Adjustments to reconcile net assets to net cash provided by operating activities:	
Net unrealized gains on investments	(52,796)
Net realized gains on investments	(85,101)
Decrease in restricted conditional promises to give	39,567
Decrease in restricted unconditional promises to give	2,363
Decrease in unrestricted unconditional promises to give	4,048
Decrease in accounts receivable	200
Increase in accounts payable	7,783
Investment income from long-term investments	(8,867)
Restricted cash contributions for long-term investment	<u>(26,800)</u>
Net cash (used for) operating activities	<u>(119,603)</u>
Cash flows from investing activities:	
Purchases of long-term investments	(24,360)
Proceeds from sales and maturities of investments	<u>25,980</u>
Net cash provided by investing activities	<u>1,620</u>
Cash flows from financing activities:	
Collection of endowment fund support	<u>26,800</u>
Net cash provided by financing activities	<u>26,800</u>
Net increase in cash and cash equivalents	31,658
Cash and cash equivalents, beginning of year	<u>28,776</u>
Cash and cash equivalents, end of year	<u><u>\$60,434</u></u>

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

# STARK STATE COLLEGE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

### 1. DESCRIPTION OF THE REPORTING ENTITY

The Stark State College Foundation (the Foundation) is organized and is operated exclusively for educational, scientific or charitable purposes by conducting and supporting activities which benefit or carry out the purpose of the Stark State College of Technology (herein, "the College"). The College is a state institution of higher learning, authorized and existing under Chapter 3357 of the Ohio Revised Code. The Foundation is a not-for-profit organization established in accordance with Section 501(c)(3) of the Internal Revenue Code and is empowered to exercise all rights and powers conferred by the laws of Ohio upon nonprofit corporations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

#### Contributions

The Foundation reports contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made". SFAS No. 116 requires that unconditional promises to give, with payments due in future periods, be recorded as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate, in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

#### Financial Statement Presentation

SFAS No. 117, "Financial Statements of Not-For-Profit Organizations", requires that the amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor imposed restrictions. A description of the categories are as follows:

#### **Unrestricted Net Assets**

Assets which are free of donor imposed restriction; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

STARK STATE COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Temporarily Restricted Net Assets**

Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

**Permanently Restricted Assets**

Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying Statement of Activities.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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 accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". 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 of the unrestricted, temporarily restricted and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted and permanently restricted funds.

Promises to Give

Contributions received, including unconditional promises to give are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met.

STARK STATE COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation requires an initial minimum balance of \$5,000 to establish a scholarship fund. The policy allows a period, generally not to exceed 60 months, for the accumulation of contributions and interest to meet the minimum \$5,000 requirement.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

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 that such changes could materially affect the amounts reported in the financial statements.

At June 30, 1999, investments consisted of the following:

	<u>Carrying Value</u>	<u>Fair Value</u>
Mutual Funds - U.S. Government Securities	\$ 32,927	\$ 32,927
Mutual Funds - U.S. Treasury Notes	180,214	180,214
Stocks - Domestic	<u>549,027</u>	<u>549,027</u>
Total	<u>\$ 762,168</u>	<u>\$ 762,168</u>

4. PROMISES TO GIVE

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimate future cash flows. Conditional promises to give are not included as support until conditions are met.

STARK STATE COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

4. PROMISES TO GIVE (continued)

Unconditional promises to give:

Unrestricted	
Amounts Due:	
Less than one year	\$ 2,000

Conditional promises to give:

Restricted	
Amounts Due:	
Less than one year	5,818
One to five years	<u>8,502</u>

Total	<u>\$ 14,320</u>
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5. TEMPORARILY RESTRICTED NET ASSETS

The different types of Temporarily Restricted Net Assets are classified as follows:

Aesthetics	\$ 1,110
Alberts Scholarship	(3)
Alumni Class Scholarship	29,510
Bridgestone/Firestone Scholarship	2,500
Concrete Canoe	1,692
Dental Hygiene	31,442
East Ohio Gas Company Scholarship	(32)
Faculty and Staff Professional Development	37,210
Janet C. Fisher Scholarship	8,040
Hallier Scholarship	348
Haverlock Scholarship	1,919
Engineering Memorial Scholarship	4,061
Instructional Resources	4,617
Diversity Scholarship	17,350
Betty Morford Scholarship	3,150
Powers Professional Development	54
Ned Saums Scholarship	3,639
Fred F. Silk Scholarship	57,673
Student Scholarship	30,399
Youngs Scholarship	<u>4,009</u>
Total	<u>\$238,688</u>

STARK STATE COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

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

Purpose Restriction Accomplished:

Advanced Tech Center	\$ 2,180
Aesthetics	87
Alumni Class Scholarship	3,100
Dental Hygiene	25,532
Faculty and Staff Professional Development	4,209
Janet C. Fisher Scholarship	7,051
Hallier Scholarship	240
Haverlock Scholarship	1,592
Engineering Memorial Scholarship	756
Instructional Resources	502
Diversity Scholarship	1,859
Betty Morford Scholarship	531
Operations Account	6,273
Ned Saums Scholarship	616
Student Scholarship	3,266
Youngs Scholarship	<u>2,831</u>
Total	<u>\$ 60,625</u>

6. PERMANENTLY RESTRICTED NET ASSETS

Alberts Scholarship	\$ 1,000
Alumni Class Scholarship	69,352
Bridgestone/Firestone Scholarship	2,500
East Ohio Gas Company Scholarship	10,000
Faculty and Staff Professional Development	107,549
Janet C. Fisher Scholarship	34,255
Hallier Scholarship	3,553
Haverlock Scholarship	9,519
Engineering Memorial Scholarship	14,232
Instructional Resources	9,720
Diversity Scholarship	46,801
Betty Morford Scholarship	8,992
Powers Professional Development	3,508
Ned Saums Scholarship	10,391
Fred F. Silk Scholarship	130,000
Student Scholarship	83,719
Youngs Scholarship	<u>21,040</u>
Total	<u>\$566,131</u>

STARK STATE COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

7. **INCOME TAXES**

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore makes no provision for income taxes. It is however, required to file annually, IRS Form 990, which reports the activity of the Foundation during the year.

CERTIFIED PUBLIC ACCOUNTANTS  
111 Broad Street  
Suite 206  
Wadsworth, Ohio 44281  
330/336-1706 Fax 330/334-5118

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Stark State College Foundation  
6200 Frank Avenue, NW  
Canton, OH 44720-7299

We have audited the financial statements of the Stark State College Foundation, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 6, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

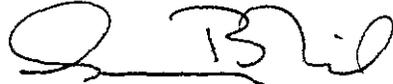
As part of obtaining reasonable assurance about whether the Stark State College Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Stark State College Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (continued)

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 6, 1999



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

STARK STATE TECHNICAL COLLEGE FOUNDATION

STARK COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JAN 18 2000