

**NORTH CENTRAL STATE COLLEGE  
FOUNDATION, INC.**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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Board of Trustees  
North Central State College Foundation, Inc.

We have reviewed the Independent Auditor's Report of the North Central State College Foundation, Inc., Richland County, prepared by Gary B. Fink & Associates, Inc. for the audit period July 1, 2001 through June 30, 2002. 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 "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 22, 2003

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**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**TABLE OF CONTENTS**

Board of Trustees .....	i
Appointed Officials.....	iii
Independent Auditor's Report .....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i> .....	13

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**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.**

**BOARD OF TRUSTEES  
AS OF JUNE 30, 2002**

NAME	TERM
Ronald E. Abrams, Ed.D.	**
Bernard W. Anders	1998 - 2004
Juanita J. Carter	1996 - 2002
R. Michael Colangelo	1999 - 2002
William T. Cooper	2000 - 2003
Mark T. Collins	**
Bruce Cummins	2000 - 2003
Bernard S. Deubel	1999 - 2003
Robert H. Enskat	1995 - 2004
Henry R. Fallerius, LL.D.	***
George F. Frank	1993 - 2002
Carol Goldman	1999 - 2004
Gayle Gorman-Freeman	1990 - 2004
Reba M. Gribben	2000 - 2003
Arnold B. Haring	1990 - 2002
John F. Harkness	**
William J. Hartnett	***
Edith Humphrey	*
William P. Jilek	1998 - 2004
Byron E. Kee, Ed.D.	***
James W. Kehoe	*
David M. Kimble	1996 - 2002
Mark L. Kreinbihl	1998 - 2004
Rocco D. Manzo, Jr.	1990 - 2002
Gunther S. Meisse	1999 - 2004
William C. Miller, Jr.	**
Grant Milliron	1999 - 2004
Kevin P. Nestor	1999 - 2002
Bradley C. Peffley	1999 - 2004
Norbert A. Peiker	1997 - 2003
Ralph H. Phillips	2000 - 2003
Debra J. Pinion	1997 - 2003
M. M. Ressallat, M.D.	*
Timothy J. Rowsey	1990 - 2004
Richard J. Ruehle	2000 - 2003
Thomas C. Schmid	*
E. Victor Smith	1993 - 2002
Ron Surella	2000 - 2003
Rick Taylor	2000 - 2003

**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.**

**BOARD OF TRUSTEES  
AS OF JUNE 30, 2002  
CONTINUED**

NAME	TERM
John W. Welsh Robert B. Zettler	1993 - 2002 **

- \* College Board of Trustee Appointee
- \*\* Member of College President's Staff
- \*\*\* Honorary Life Trustee

**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.**

**APPOINTED OFFICIALS  
JULY 1, 2001 - JUNE 30, 2002**

PRESIDENT

Robert H. Enskat

VICE PRESIDENT FOR INTERNAL RELATIONS

John W. Welsh

VICE PRESIDENT FOR RESOURCE DEVELOPMENT

William P. Jilek

VICE PRESIDENT FOR COMMUNITY RELATIONS

Juanita J. Carter

VICE PRESIDENT FOR ACTIVITIES

Richard J. Ruehle

SECRETARY

Timothy J. Rowsey

TREASURER

William C. Miller, Jr.

EXECUTIVE DIRECTOR

Betty E. Wells

Legal Counsel

Weldon, Huston & Keyser

John H. Siegenthaler

Bank One Building Eighth, Ninth and Tenth Floors

28 Park Avenue West

Mansfield, OH 44902-1692

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
North Central State College Foundation, Inc.  
2441 Kenwood Circle, Box 698  
Mansfield, Ohio 44903

We have audited the accompanying statement of financial position of North Central State College Foundation, Inc. (the Foundation) as of June 30, 2002, and the 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 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 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 North Central State College Foundation, Inc. as of June 30, 2002 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

October 31, 2002

**North Central State College Foundation, Inc.**  
**Statement of Financial Position**  
**June 30, 2002**

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ASSETS

Cash and cash equivalents	\$64,971
Investments	1,610,665
Contributions receivable, net of allowance for uncollectible contributions	447,335
Interest in assets held by Richland County Foundation	250,000
Emergency loan receivable	708
Prepaid expenses	38,976
Office equipment, net	<u>1,047</u>
 Total Assets	 <u><u>\$2,413,702</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$107,221
Deferred revenue	<u>18,265</u>
 Total Liabilities	 <u>125,486</u>
Net Assets:	
Unrestricted	865,131
Temporarily restricted	599,720
Temporarily restricted - Assets held by Richland County Foundation	<u>250,000</u>
Total Temporarily Restricted	849,720
Permanently restricted	<u>573,365</u>
 Total Net Assets	 <u>2,288,216</u>
 Total Liabilities and Net Assets	 <u><u>\$2,413,702</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, 2002**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</b>				
Contributions	\$24,909	\$483,622	\$2,200	\$510,731
Investment income, including realized and unrealized gains and losses, net	38,247	20,679	0	58,926
Richland County Foundation revenue	42,025	0	0	42,025
Fundraising revenue	147,499	0	0	147,499
Other revenue	9,039	0	0	9,039
Net assets released from restrictions (Note 5)				
Satisfaction of purpose restrictions	169,785	(169,785)	0	0
<b>Total Public Support, Revenues and Reclassifications</b>	<b>431,504</b>	<b>334,516</b>	<b>2,200</b>	<b>768,220</b>
<b>EXPENSES</b>				
Program services:				
Scholarships	79,035	0	0	79,035
Kehoe Center	171,000	0	0	171,000
Professional development	10,125	0	0	10,125
Personnel reimbursement	74,012	0	0	74,012
Management and general:				
Investment expense	5,009	2,708	0	7,717
Fundraising	107,547	0	0	107,547
Materials and supplies	229	0	0	229
Depreciation	348	0	0	348
Outreach fund	1,946	0	0	1,946
Other expense	25,872	0	0	25,872
Realized capital loss	64,599	0	0	64,599
Unrealized capital loss	52,069	0	0	52,069
<b>Total Expenses</b>	<b>591,791</b>	<b>2,708</b>	<b>0</b>	<b>594,499</b>
Change in Net Assets	(160,287)	331,808	2,200	173,721
Net Assets, Beginning of Year (Restated, See Note 3)	1,025,418	517,912	571,167	2,114,497
Net Assets, End of Year	<u>\$865,131</u>	<u>\$849,720</u>	<u>\$573,367</u>	<u>\$2,288,218</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, 2002**

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Cash flows from operating activities:	
Change in net assets	<u>\$173,721</u>
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	348
Amortization and allowance for uncollectible	63,034
Decrease in contributions receivable	(396,725)
Decrease in emergency loan receivable	(69)
Decrease in prepaid expenses	(14,205)
Increase in accounts payable	24,521
Increase in deferred revenue	11,430
Contributions restricted for investment in endowment	(1,990)
Net unrealized and realized gains on investments	<u>65,776</u>
Total adjustments	<u>(247,880)</u>
Net cash provided by operating activities	<u>(74,159)</u>
Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>1,990</u>
Net cash provided by financing activities	<u>1,990</u>
Net increase in cash and cash equivalents	(72,169)
Cash and cash equivalents at beginning of year	<u>137,140</u>
Cash and cash equivalents at end of year	<u><u>\$64,971</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, 2002

1. **DESCRIPTION OF THE REPORTING ENTITY**

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting. 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 are appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Contributions

The Foundation reports 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 is as follows:

**Unrestricted Net Assets**

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

**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.

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

**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.

Contributions Receivable

Contributions received, including unconditional promises to give are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as 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.

The Foundation requires an initial minimum balance of \$5,000 to establish a scholarship fund. The policy allows a period, generally not to exceed 48 months, for the accumulation of contributions and interest to meet the minimum \$5,000 requirement.

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

Prepaid Expenses

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

Fixed Assets

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

Deferred Revenue

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

Estimates

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

3. **RESTATEMENT OF TEMPORARILY RESTRICTED NET ASSETS**

In fiscal year 2001, an asset was not recognized in accordance with FASB Statement No. 136 "Transfer of Assets to a Not-For-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others", for \$250,000 previously transferred to the Richland County Foundation. Temporarily Restricted Net Assets, at July 1, 2001 have been restated from \$267,912 to \$517,912.

4. **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.

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

4. **INVESTMENTS** (continued)

At June 30, 2002, investments consisted of the following:

	<u>Carrying Value</u>	<u>Market Value</u>
Money Market Investments - U.S. Government Obligations	\$44,347	\$44,347
Mutual Funds - Fixed Income Corporations	755,585	755,585
Mutual Funds - Equity Securities	810,733	810,733
Total	<u>\$1,610,665</u>	<u>\$1,610,665</u>

5. **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 estimate future cash flows. The discount rate on those amounts are 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, 2002 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions are met.

Contributions receivable consisted of the following at June 30, 2002:

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

Unrestricted	\$43,624
Temporarily restricted	474,650
Permanently restricted	<u>12,000</u>
Gross unconditional promises to give	530,274
Less: Unamortized discount	(29,910)
Less: Allowance for uncollectible contributions	<u>(53,029)</u>
Net unconditional promises to give	<u>\$447,335</u>
Amounts due:	
Less than one year	\$174,791
One to five years	<u>272,544</u>
Net unconditional promises to give	<u>\$447,335</u>

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

6. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily and permanently restricted assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships to the College's students, providing professional development funds to the College staff and purchasing equipment for the benefit of the College. Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships to the College's students.

The different types of temporarily restricted net assets are classified as follows:

Temporarily Restricted:

Scholarships for Students:

Brown Scholarship	\$199
Cobey Scholarship	2,764
Emerson Scholarship	8,079
Faculty Scholarship	1,484
G-R Civic Scholarship	960
Garber Scholarship	3,221
Gorman-Rupp Scholarship	3,654
Gubkin Scholarship	1,397
Haring Scholarship	2,311
KMU Scholarship	876
Mansfield University	6,398
Ambassador	1,730
NCOBDC Scholarship	992
Neer Scholarship	490
Nursing Scholarship	23,441
Orange and Blue Scholarship	318
Preston Endowment	4,202
Rable Machine Scholarship	915
Welsh Scholarship	4,185
Kroger Scholarship	30
Miller-Carter Scholarship	5,033
Gimbel Scholarship	5,833
PTA Scholarship	79
Engineering Scholarship	268
Tech Prep	1,035
Y.E.S. Scholarship	925
Scholarships (General)	<u>3,478</u>
Total Scholarships for Students	<u>84,297</u>

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

6. **TEMPORARILY RESTRICTED NET ASSETS** (continued)

Faculty and Staff Professional Development:	
Professional Development	2,753
Total Faculty and Staff Professional Development	2,753
Instructional Facilities and Equipment:	
Equipment	4,877
Paralegal Library	322
Computer Center	107,059
Temporarily Restricted ATTC	400,412
Total Instructional Facilities and Equipment	512,670
Total Temporarily Restricted	\$599,720

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

Purpose Restriction Accomplished:	
Scholarships for Students:	
North Central State College Scholarship	\$10,181
Gorman-Rupp (Tech Prep) Scholarship	2,100
RR Donnelley (Tech Prep) Scholarship	4,000
Therm-O-Disc Scholarship	8,334
Rabel Scholarship	1,250
Faculty Scholarship	2,667
G-R Civic Scholarship	5,000
Garber Scholarship	1,000
Gorman-Rupp Scholarship	12,001
KMU Scholarship	750
Kroger Scholarship	500
Nursing Scholarship	12,001
Preston Endowment	1,500
Welsh News Scholarship	5,000
Miller-Carter Scholarship	4,000
Gimbel Scholarship	1,667
Brown Scholarship	499
Cobey Scholarship	1,335
Total Scholarships for Students	73,785
Instructional Facilities and Equipment:	
Advanced Training Technology Center	96,000
Total Instructional Facilities and Equipment	96,000
Total Released from Restrictions	\$169,785

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

7. **PERMANENTLY RESTRICTED NET ASSETS**

Permanently Restricted:

Endowment

Scholarships for Students:

Brown Scholarship	\$5,000
Cobey Scholarship	16,750
Emerson Scholarship	90,000
Faculty Scholarship	8,990
G-R Civic Scholarship	16,000
Garber Scholarship	19,709
Gorman-Rupp Scholarship	50,000
Gubkin Scholarship	5,250
Haring Scholarship	12,000
KMU Scholarship	5,000
NCOBDC Scholarship	1,200
Neer Scholarship	1,500
Nursing Scholarship	200,888
Orange and Blue Scholarship	54,415
Preston Endowment	23,900
Welsh Scholarship	44,640
Kroger Scholarship	10,000
Restricted Contributions	<u>8,123</u>
Total Permanently Restricted	<u><u>\$573,365</u></u>

8. **RICHLAND COUNTY FOUNDATION**

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

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

8. **RICHLAND COUNTY FOUNDATION** (continued)

In accordance with SFAS No. 136, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others", 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 \$250,000 at June 30, 2002.

Also, under SFAS No. 136, 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 the Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2002 totaled \$575,096.

9. **INCOME TAXES**

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

**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  
North Central State College Foundation, Inc.  
2441 Kenwood Circle, Box 698  
Mansfield, Ohio 44903

We have audited the financial statements of the North Central State College Foundation, Inc., (the Foundation) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 31, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 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 solely 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.

A handwritten signature in black ink, appearing to read 'G. B. Fink', written in a cursive style.

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

October 31, 2002





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 4, 2003**