

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the North Central State College Foundation, Richland County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 2002 to June 30, 2003. 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 is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 11, 2003

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**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.

**BOARD OF TRUSTEES
AS OF JUNE 30, 2003**

NAME	TERM
Ronald E. Abrams, Ed.D.	**
Bernard W. Anders	1998 - 2004
Juanita J. Carter	1996 - 2005
R. Michael Colangelo	1999 - 2005
William T. Cooper	2000 - 2003
Mark T. Collins	**
Bruce Cummins	2000 - 2003
Suzanne Davis	2003 - 2005
Bernard S. Deubel	1999 - 2003
Robert H. Enskat	1995 - 2004
Henry R. Fallerius, LL.D.	***
George F. Frank	1993 - 2005
Carol Goldman	1999 - 2004
Gayle Gorman-Freeman	1990 - 2004
Reba M. Gribben	2000 - 2003
Arnold B. Haring	1990 - 2005
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 - 2005
Mark L. Kreinbihl	1998 - 2004
Ron Lantzy	2003 - 2005
Glen McClelland	2003 - 2005
Rocco D. Manzo, Jr.	1990 - 2005
Gunther S. Meisse	1999 - 2004
William C. Miller, Jr.	**
Grant Milliron	1999 - 2004
Kevin P. Nestor	1999 - 2005
Bradley C. Peffley	1999 - 2004
Norbert A. Peiker	1997 - 2003
Ralph H. Phillips	2000 - 2003
Ray Piar	2003 - 2005
Debra J. Pinion	1997 - 2003
M. M. Ressallat, M.D.	*
Timothy J. Rowsey	1990 - 2004
Richard J. Ruehle	2000 - 2003
E. Victor Smith	1993 - 2005
Ron Surella	2000 - 2003
Rick Taylor	2000 - 2003

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.

**BOARD OF TRUSTEES
AS OF JUNE 30, 2003
CONTINUED**

NAME	TERM
Gary Utt	2002 - 2005
John W. Welsh	1993 - 2005
Robert B. Zettler	**

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

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.

**APPOINTED OFFICIALS
JULY 1, 2002 - JUNE 30, 2003**

PRESIDENT

John W. Welsh

IMMEDIATE PAST PRESIDENT

Robert H. Enskat

VICE PRESIDENT FOR INTERNAL RELATIONS

David M. Kimble

VICE PRESIDENT FOR RESOURCE DEVELOPMENT

William P. Jilek

VICE PRESIDENT FOR COMMUNITY RELATIONS

Open

VICE PRESIDENT FOR ACTIVITIES

Richard J. Ruehle

SECRETARY

Juanita J. Carter 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

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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, 2003, 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, 2003 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 22, 2003 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 22, 2003

North Central State College Foundation, Inc.
Statement of Financial Position
June 30, 2003

ASSETS

Cash and cash equivalents	\$34,984
Investments	1,618,305
Contributions receivable, net of allowance for uncollectible contributions	332,087
Interest in assets held by Richland County Foundation	250,000
Emergency loan receivable	839
Prepaid expenses	43,560
Office equipment, net	<u>699</u>
Total Assets	<u><u>\$2,280,474</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$56,278
Deferred revenue	<u>18,410</u>
Total Liabilities	<u>74,688</u>
Net Assets:	
Unrestricted	<u>833,839</u>
Temporarily restricted	496,949
Temporarily restricted - Assets held by Richland County Foundation	<u>250,000</u>
Total Temporarily Restricted	<u>746,949</u>
Permanently restricted	<u>624,998</u>
Total Net Assets	<u>2,205,786</u>
Total Liabilities and Net Assets	<u><u>\$2,280,474</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, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS				
Contributions	\$1,890	\$89,533	\$35,851	\$127,274
Investment income, including realized and unrealized gains and losses, net	99,835	1,818	18,875	120,528
Richland County Foundation revenue	40,196	0	0	40,196
Fundraising revenue	161,848	18,794	0	180,642
Other revenue	11,990	0	0	11,990
Net assets released from restrictions (Note 5)				
Satisfaction of purpose restrictions	212,916	(212,916)	0	0
Total Public Support, Revenues and Reclassifications	<u>528,675</u>	<u>(102,771)</u>	<u>54,726</u>	<u>480,630</u>
EXPENSES				
Program services:				
Scholarships	61,063	0	0	61,063
Kehoe Center	149,100	0	0	149,100
Professional development	21,490	0	0	21,490
Personnel reimbursement	41,368	0	0	41,368
Management and general:				
Investment expense	5,557	0	3,095	8,652
Fundraising	123,964	0	0	123,964
Materials and supplies	307	0	0	307
Depreciation	348	0	0	348
Outreach fund	1,709	0	0	1,709
Other expense	48,864	0	0	48,864
Realized capital loss	106,197	0	0	106,197
Total Expenses	<u>559,967</u>	<u>0</u>	<u>3,095</u>	<u>563,062</u>
Change in Net Assets	(31,292)	(102,771)	51,631	(82,432)
Net Assets, Beginning of Year	<u>865,131</u>	<u>849,720</u>	<u>573,367</u>	<u>2,288,218</u>
Net Assets, End of Year	<u>\$833,839</u>	<u>\$746,949</u>	<u>\$624,998</u>	<u>\$2,205,786</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, 2003

Cash flows from operating activities:	
Change in net assets	<u>(\$82,432)</u>
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	348
Amortization and allowance for uncollectible	(25,274)
Decrease in contributions receivable	140,524
Increase in emergency loan receivable	(131)
Increase in prepaid expenses	(4,584)
Decrease in accounts payable	(50,943)
Increase in deferred revenue	145
Contributions restricted for investment in endowment	(150,125)
Net unrealized and realized gains on investments	<u>(7,640)</u>
Total adjustments	<u>(97,680)</u>
Net cash (used for) operating activities	<u>(180,112)</u>
Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>150,125</u>
Net cash provided by financing activities	<u>150,125</u>
Net (decrease) in cash and cash equivalents	(29,987)
Cash and cash equivalents at beginning of year	<u>64,971</u>
Cash and cash equivalents at end of year	<u><u>\$34,984</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, 2003

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, 2003

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, 2003

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. **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, 2003, investments consisted of the following:

	<u>Carrying Value</u>	<u>Market Value</u>
Money Market Investments - U.S. Government Obligations	\$51,884	\$51,884
Mutual Funds - Fixed Income Corporations	774,852	774,852
Mutual Funds - Equity Securities	791,569	791,569
Total	<u>\$1,618,305</u>	<u>\$1,618,305</u>

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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 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, 2003 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, 2003:

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

Unrestricted	\$3,125
Temporarily restricted	375,625
Permanently restricted	<u>11,000</u>
Gross unconditional promises to give	389,750
Less: Unamortized discount	(18,689)
Less: Allowance for uncollectible contributions	<u>(38,974)</u>
Net unconditional promises to give	<u><u>\$332,087</u></u>
Amounts due:	
Less than one year	\$154,417
One to five years	<u>177,670</u>
Net unconditional promises to give	<u><u>\$332,087</u></u>

5. **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.

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

Temporarily Restricted:

Scholarships for Students:

Cobey Scholarship	\$150
Emerson Scholarship	500
Faculty Scholarship	2,800
G-R Civic Scholarship	275
Garber Scholarship	475
Gorman-Rupp Scholarship	600
Gubkin Scholarship	1,550
Haring Scholarship	150
KMU Scholarship	350
Mansfield University	6,184
NCOBDC Scholarship	150
Nursing Scholarship	6,250
Orange and Blue Scholarship	1,675
Preston Endowment	725
Rable Machine Scholarship	915
Welsh Scholarship	1,375
Kroger Scholarship	500
Miller-Carter Scholarship	699
Gimbel Scholarship	9,832
PTA Scholarship	79
Engineering Scholarship	268
Tech Prep	3,435
Scholarships (General)	<u>25,657</u>
Total Scholarships for Students	<u>64,594</u>

Instructional Facilities and Equipment:

Equipment	4,897
Paralegal Library	322
Computer Center	107,059
Temporarily Restricted Contributions	25
Temporarily Restricted Other	75
Temporarily Restricted Kehoe Center	<u>319,977</u>
Total Instructional Facilities and Equipment	<u>432,355</u>
Total Temporarily Restricted	<u><u>\$496,949</u></u>

NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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:

Scholarships for Students:

North Central State College Scholarship	\$8,335
RR Donnelley (Tech Prep) Scholarship	4,000
Therm-O-Disc Scholarship	7,000
Rabel Scholarship	1,500
Faculty Scholarship	1,267
G-R Civic Scholarship	500
Garber Scholarship	1,500
Gorman-Rupp Scholarship	2,000
KMU Scholarship	500
Kroger Scholarship	500
Nursing Scholarship	13,000
Preston Scholarship	750
Welsh News Scholarship	2,292
Miller-Carter Scholarship	4,334
Gimbel Scholarship	2,001
Cobey Scholarship	1,334
Mansfield University Foundation Scholarship	5,100
Gubkin Memorial Scholarship	500
Haring Realty Scholarship	1,500
Ambassador Scholarship	2,850
NCBCC Scholarship	300
Total Scholarships for Students	<u>61,063</u>

Instructional Facilities and Equipment:

Kehoe Center	<u>149,100</u>
Total Instructional Facilities and Equipment	<u>149,100</u>

Faculty and Staff Professional Development:

Professional Development	<u>2,753</u>
Total Faculty and Staff Professional Development	<u>2,753</u>

Total Released from Restrictions	<u><u>\$212,916</u></u>
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NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

6. **PERMANENTLY RESTRICTED NET ASSETS**

Permanently Restricted:

Endowment

Scholarships for Students:

Brown Scholarship	\$5,205
Cobey Scholarship	19,201
Emerson Scholarship	91,182
Faculty Scholarship	9,562
G-R Civic Scholarship	19,483
Garber Scholarship	21,553
Gorman-Rupp Scholarship	51,661
Gubkin Scholarship	6,210
Haring Scholarship	15,334
KMU Scholarship	5,382
NCOBDC Scholarship	1,929
Neer Scholarship	2,036
Nursing Scholarship	211,334
Orange and Blue Scholarship	56,414
Preston Endowment	28,921
Welsh Scholarship	46,748
Kroger Scholarship	10,129
President Emeritus Endowment	10,000
Entrepreneur Endowment (Y.E.S.)	5,340
Restricted Contributions	<u>7,374</u>
Total Permanently Restricted	<u><u>\$624,998</u></u>

7. **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, 2003

7. **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, 2003.

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, 2003 totaled \$558,424.

8. **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, 2003, and have issued our report thereon dated October 22, 2003. 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 22, 2003



**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

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2003**