

Stark State College Foundation

Stark County, Ohio

Regular Audit

July 1, 2008 through June 30, 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Stark State College Foundation, Stark County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period July 1, 2008 through June 30, 2009. 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 College Foundation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 24, 2010

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Stark State College Foundation
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For the Fiscal Year Ended June 30, 2009

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Independent Accountants' Report

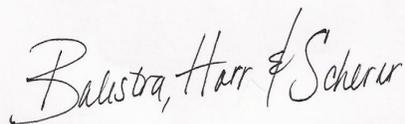
Stark State College Foundation
Board of Trustees
6200 Frank Ave. N.W.
North Canton, Ohio 44720-7299

We have audited the accompanying financial statements of the Stark State College Foundation, Stark County, Ohio (the Foundation), a component unit of the Stark State College of Technology, as of June 30, 2009, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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, 2009, and the changes in net assets and cash flows thereof 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 January 22, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.
January 22, 2010

Stark State College Foundation
Statement of Financial Position
June 30, 2009

ASSETS

Cash and cash equivalents	\$138,809
Conditional promises to give	
Restricted to health science building	19,316
Unconditional promises to give	
Unrestricted	11,940
Restricted to aesthetics	37
Restricted to instructional departments	3,114
Restricted to scholarships	1,003
Restricted to endowments	112,315
Restricted to student services	199
Interest receivable	4
Prepaid expenses	2,461
Long-term investments	<u>1,492,665</u>
 Total Assets	 <u>1,781,863</u>

LIABILITIES

Accounts payable	<u>39</u>
 Total Liabilities	 <u>39</u>

NET ASSETS

Unrestricted	25,434
Temporarily restricted	23,670
Permanently restricted	<u>1,732,720</u>
 Total Net Assets	 <u><u>\$1,781,824</u></u>

See the accompanying notes to the financial statements.

Stark State College Foundation
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Investment income	\$1,700	\$28,435	\$510	\$30,645
Support for capital projects	0	1,216	0	1,216
Support for scholarships	0	31,256	0	31,256
Support for aesthetics	0	2	0	2
Support for student services	0	2	0	2
Support for public service	0	6,000	0	6,000
Investment gains (losses)	(5,243)	(25,862)	(229,147)	(260,252)
Endowment fund support	0	0	23,643	23,643
Transfer to permanently restricted net assets	0	(9,408)	9,408	0
Net assets released from restriction (Note 5):				
Restrictions satisfied by payments	98,455	(98,455)	0	0
Total Support and Revenues	94,912	(66,814)	(195,586)	(167,488)
EXPENSES				
Supporting college activities				
Health science building	20,533	0	0	20,533
Scholarships for students	65,546	0	0	65,546
Instructional equipment and supplies	2,314	0	0	2,314
Faculty & staff professional development	3,800	0	0	3,800
Aesthetics	46	0	0	46
Student services	216	0	0	216
Public service	6,000	0	0	6,000
Operations				
Management and general	12,747	0	0	12,747
Total Expenses	111,202	0	0	111,202
CHANGE IN NET ASSETS	(16,290)	(66,814)	(195,586)	(278,690)
NET ASSETS, BEGINNING OF YEAR	41,724	90,484	1,928,306	2,060,514
NET ASSETS, END OF YEAR	\$25,434	\$23,670	\$1,732,720	\$1,781,824

See the accompanying notes to the financial statements.

Stark State College Foundation
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	(\$278,690)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Net loss on long-term investments	260,252
Decrease in restricted conditional promises to give	19,316
Decrease in restricted unconditional promises to give	71,620
Decrease in unrestricted unconditional promises to give	14,227
Decrease in accounts payable	(1,383)
Increase in prepaid expenses	(2,461)
Decrease in interest receivable	88
Investment income from long-term investments	(29,704)
Restricted cash contributions for long-term investment	<u>(90,135)</u>
 Net Cash Used by Operating Activities	 (36,870)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of endowment fund support	<u>90,135</u>
 Net Cash Provided by Financing Activities	 <u>90,135</u>
 DECREASE IN CASH AND CASH EQUIVALENTS	 53,265
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>85,544</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$138,809</u></u>

See the accompanying notes to the financial statements.

1. **DESCRIPTION OF THE REPORTING ENTITY**

The Stark State College Foundation (the Foundation) is organized and 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 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.

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.

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

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 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.

The Foundation requires an initial minimum balance of \$5,000 to establish an endowed 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.

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

3. **INVESTMENTS** (continued)

At June 30, 2009, investments consisted of the following:

	Fair Value
Mutual Funds	\$1,492,665
Certificate of Deposit	45,301
Total	\$1,537,966

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 estimated future cash flows. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give:

Unrestricted

Amounts Due:

Less than one year \$11,940

Restricted

Amounts Due:

Less than one year 65,103

One to five years 51,565

Conditional promises to give:

Restricted

Amounts Due:

Less than one year 9,816

One to five years 9,500

Total \$147,924

5. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily and permanently restricted assets are those whose use by the Foundation has been limited by the 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:

Scholarships for Students:

Kids College Scholarship \$1,003

Total Scholarships for Students 1,003

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Aesthetics Project:	
Aesthetics	\$37
Total Aesthetics Project	37
Departmental Equipment and Supplies:	
Adaptive Equipment	200
Business Division Equipment	3,114
Total Departmental Equipment and Supplies	3,314
Capital Projects:	
Health Science Building & Nursing Lab	19,316
Total Capital Projects	19,316
Total Temporarily Restricted Net Assets	\$ 23,670

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:	
Leon & Helene Albert Scholarship	\$271
Alumni Class Scholarships	2,210
Bridgestone/Firestone Automotive Scholarship	302
Cleveland Auto Dealer Foundation Scholarship	5,500
Donald & Pauline Colaner Scholarship	178
Stacie Cross Paramedic Scholarship	500
Deuble Foundation Scholarship	2,966
GAR Diversity Scholarship	1,852
Engineering Memorial Scholarship	528
Janet C. Fisher Scholarship	901
Albert & Edith Flowers Scholarship	319
GAR Scholarship	11,336
Herbert Hoover Scholarship	3,096
Hoover Foundation Scholarship	2,493
Mel Kallis Scholarship	375
Kids College Scholarship	1,267
Samuel Krugliak Scholarship	317
John McGrath Presidential Scholarship	2,527
Betty Morford Scholarship	278
Graco Engineering Scholarship	10,000
Ada & Helen Rank Scholarship	227
Ned Saums Scholarship	327

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Daniel Schonhoft Scholarship	\$500
Fred F. Silk Scholarship	8,015
Stark Community Foundation Scholarship	5,014
Student Scholarships	3,287
Edward & Ruth Wilkof Scholarship	442
Ervin & Marie Wilkof Scholarship	518
Total Scholarships for Students	65,546
Professional Development:	
Faculty and Staff Professional Development	3,620
Mary Powers Professional Development	180
Total Professional Development	3,800
Aesthetics:	
Aesthetics	46
Total Aesthetics	46
Departmental Equipment and Supplies:	
Adaptive Equipment	216
Business Division Equipment	1,934
Instructional Resources	380
Total Departmental Equipment and Supplies	2,530
Capital Projects:	
Health Science Building & Nursing Lab	20,533
Total Capital Projects	20,533
Tech Prep: Public Service	
Martha Holden Jennings Foundation Grant	6,000
Total Tech Prep	6,000
Total Net Assets Released from Donor Restriction	\$98,455

6. **PERMANENTLY RESTRICTED NET ASSETS**

Scholarships for Students:	
Robert T. and Hortense B. Bobbitt Scholarship	\$10,195
Akron Children's Hospital Scholarship	47,112
Leon & Helene Albert Scholarship	11,016
Alumni Class Scholarships	66,837
Aultman Hospital Scholarship	28,219
Bridgestone/Firestone Automotive Scholarship	10,791
Edward & Henry Cain Automotive Scholarship	210,811
Canton Veteran Car Club Scholarship	4,570
David & Pauline Colaner Scholarship	8,796

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Deuble Foundation Scholarship	\$83,753
Diebold Foundation Scholarship	94,298
Diversity Scholarship	53,777
East Ohio Gas Company Scholarship	9,184
Engineering Memorial Scholarship	16,064
Faculty Association Scholarship	12,538
Paul & Susan Feaser Scholarship	6,295
Janet C. Fisher Scholarship	31,515
Albert & Edith Flowers Scholarship	11,730
Robert & Celine Hallier Scholarship	4,818
Lynn Hamilton Scholarship	4,616
William & Martha Haverlock Scholarship	8,861
Herbert Hoover Scholarship	84,365
Hoover Foundation Scholarship	87,370
Para Jones Scholarship	5,080
Sarah Kaaikaula Scholarship	3,866
Mel Kallis Scholarship	19,974
Samuel Krugliak Scholarship	8,442
George Lemon Scholarship	8,612
William & Sharon Luntz Scholarship	4,953
John McGrath Presidential Scholarship	68,197
Betty Morford Scholarship	8,942
Ada & Helen Rank Scholarship	17,996
Ned Saums Scholarship	11,240
Scada Automotive Scholarship	43,691
Mary & Joseph Shannon Scholarship	4,622
Fred F. Silk Scholarship	276,296
Larry Smerglia Scholarship	3,147
Marge Smith Scholarship	4,194
Eddie & Madeline Stevens Scholarship	3,679
Student Scholarship	95,579
Jeffrey & Brenda Walters Scholarship	4,802
Charles West Scholarship	8,612
Edward & Ruth Wilkof Scholarship	12,747
Ervin & Marie Wilkof Scholarship	26,302
Ronald & Ruthanne Wilkof Scholarship	4,722
Dale Young Scholarship	55,554
Total Scholarships for Students	<u>1,608,780</u>

Stark State College Foundation
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Professional Development:	
Faculty and Staff Professional Development	\$98,471
Mary Powers Professional Development	7,144
Total Professional Development	<u>105,615</u>
Departmental Equipment and Supplies:	
Instructional Resources	18,325
Total Departmental Equipment and Supplies	<u>18,325</u>
 Total Permanently Restricted Net Assets	 <u><u>\$1,732,720</u></u>

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. The Foundation is required annually to file IRS Form 990 which reports the activity of the Foundation during the fiscal year.

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Stark State College Foundation
Board of Trustees
6200 Frank Ave. N.W.
North Canton, Ohio 44720-7299

We have audited the financial statements of the Stark State College Foundation, Stark County, Ohio (the Foundation) as of and for the year ended June 30, 2009, and have issued our report thereon dated January 22, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Foundation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Foundation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Stark State College Foundation

Board of Trustees

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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Compliance and Other Matters

As part of reasonably assuring whether the Foundation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

January 22, 2010



Mary Taylor, CPA
Auditor of State

STARK STATE 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 9, 2010**