

Stark State College Foundation

Stark County, Ohio

Regular Audit

July 1, 2009 through June 30, 2010



Balestra, Harr & Scherer, CPAs, Inc.

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stark State College Foundation, Stark County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 25, 2011

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Stark State College Foundation
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For the Fiscal Year Ended June 30, 2010

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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, 2010, 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 opinions 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 basic 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 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 respective financial position of Stark State College Foundation, as of June 30, 2010, and the changes in financial position and where applicable, cash flows thereof 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 December 17, 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.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer".

Balestra, Harr & Scherer, CPAs, Inc.
December 17, 2010

STARK STATE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

Cash and cash equivalents		\$ 232,043
Unconditional promises to give		
Unrestricted		238
Restricted to instructional departments		12,540
Restricted to endowments		66,556
Prepaid Expenses		2,603
Interest receivable		33
Long-term investments		<u>1,689,545</u>
	TOTAL ASSETS	2,003,558

NET ASSETS

Unrestricted		16,422
Temporarily restricted		12,540
Permanently restricted		<u>1,974,596</u>
	TOTAL NET ASSETS	2,003,558

TOTAL LIABILITIES AND NET ASSETS \$ 2,003,558

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

STARK STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

UNRESTRICTED NET ASSETS

Support		
Investment income	\$	586
Investment gains (losses)		8,628
Net assets released from restrictions		
Restrictions satisfied by payments		105,647
TOTAL UNRESTRICTED SUPPORT		114,861

Expenses		
Supporting college activities		
Health science building		20,333
Scholarships for students		60,696
Instructional equipment and supplies		20,695
Faculty & staff professional development		3,751
Aesthetics		38
Student services		134
Operations		
Management and general		17,670
Uncollected pledges		556
TOTAL UNRESTRICTED EXPENSES		123,873
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS		(9,012)

TEMPORARILY RESTRICTED NET ASSETS

Support for instructional departments		29,818
Support for capital projects		1,016
Support for scholarships		20,002
Support for aesthetics		2
Investment income		24,910
Uncollected pledges		(66)
Investment gains (losses)		92,693
Transfer to permanently restricted net assets		(73,858)
Net assets released from restrictions		
Restrictions satisfied by payments		(105,647)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		(11,130)

PERMANENTLY RESTRICTED NET ASSETS

Endowment fund support		167,508
Investment income		98
Investment gains (losses)		412
Transfer from temporarily restricted net assets		73,858
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS		241,876

INCREASE (DECREASE) IN NET ASSETS 221,734

NET ASSETS AT BEGINNING OF YEAR 1,781,824

NET ASSETS AT END OF YEAR \$ 2,003,558

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

STARK STATE COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 221,734
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Net gain on long-term investments	(101,733)
Decrease in restricted conditional promises to give	19,316
Decrease in restricted unconditional promises to give	37,572
Decrease in unrestricted unconditional promises to give	11,702
Decrease in accounts payable	(39)
Increase in interest receivable	(29)
Increase in prepaid expenses	(142)
Investment income from long-term investments	(25,522)
Restricted cash contributions for long-term investment	<u>(213,267)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(50,408)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of long-term investments	<u>(69,625)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(69,625)
CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of endowment fund support	<u>213,267</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>213,267</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	93,234
BEGINNING CASH AND CASH EQUIVALENTS	<u>138,809</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 232,043</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 FISCAL YEAR ENDED JUNE 30, 2010

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.

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 FISCAL YEAR ENDED JUNE 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

At June 30, 2010, investments consisted of the following:

	Fair Value
Mutual Funds	<u>\$1,689,545</u>
Certificates of Deposit	46,750
Total	<u>\$1,736,295</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 of 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 FISCAL YEAR ENDED JUNE 30, 2010

4. PROMISES TO GIVE (continued)

Unconditional promises to give:

Unrestricted	
Amounts Due:	
Less than one year	\$238
One to five years	0
Restricted	
Amounts Due:	
Less than one year	48,631
One to five years	<u>30,465</u>
Total	<u>\$79,334</u>

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 temporarily restricted net assets as of June 30, 2010 are classified as follows:

Instructional Equipment and Supplies:	
Instructional Equipment and Supplies	<u>\$12,540</u>
Total Instructional Equipment and Supplies	<u>12,540</u>
Total Temporarily Restricted Net Assets	<u><u>\$12,540</u></u>

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	\$300
Alumni Class Scholarships	2,204
Cleveland Auto Dealer Foundation Scholarship	750
Edward & Henry Cain Automotive Scholarship	7,171

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

Donald & Pauline Colaner Scholarship	195
Stacie Cross Paramedic Scholarship	500
Deuble Foundation Scholarship	2,908
Dominion East Ohio Gas Company Scholarship	202
Engineering Memorial Scholarship	537
Janet C. Fisher Scholarship	892
Albert & Edith Flowers Scholarship	349
GAR Diversity Scholarship	1,879
GAR Scholarship	5,533
Graco Engineering Scholarship	10,000
William & Martha Haverlock Scholarship	145
Herbert Hoover Scholarship	3,049
Mel Kallis Scholarship	490
Kids College Scholarship	1,087
Samuel Krugliak Scholarship	310
George W. Lemon Scholarship	298
William and Sharon Luntz Scholarship	119
John McGrath Presidential Scholarship	2,491
Betty Morford Scholarship	283
Ada & Helen Rank Scholarship	372
Ned Saums Scholarship	336
SCADA Automotive Scholarship	1,398
Daniel Schonhoft Scholarship	500
Fred F. Silk Scholarship	8,635
Stark Community Foundation Scholarship	2,635
Student Scholarships	3,318
Charles H. and Virginia C. West Scholarship	298
Edward & Ruth Wilkof Scholarship	437
Dale A. and Marguerite M. Young Scholarship	1,075
Total Scholarships for Students	60,696
Professional Development:	
Faculty and Staff Professional Development	3,563
Mary Powers Professional Development	188
Total Professional Development	3,751

STARK STATE COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Aesthetics:	
Aesthetics	38
Total Aesthetics	38
Departmental Equipment and Supplies:	
Adaptive Equipment	134
Business Division Equipment	1,492
Instructional Resources	403
Nursing Simulators	12,000
Paramedic/ RN Lab Equipment	3,300
Phoenix Project	3,500
Total Departmental Equipment and Supplies	20,829
Capital Projects:	
Health Science Building & Nursing Lab	20,333
Total Capital Projects	20,333
Total Net Assets Released from Donor Restriction	\$105,647

6. PERMANENTLY RESTRICTED NET ASSETS

Scholarships for Students:	
Larry Abel Scholarship	\$ 1,552
Akron Children's Hospital Scholarship	47,612
Leon & Helene Albert Scholarship	12,115
Alumni Class Scholarships	67,937
Aultman Hospital Scholarship	28,969
Robert T. and Hortense Bobbitt Scholarship	9,746
Bridgestone/Firestone Automotive Scholarship	10,791
Edward and Henry Cain Automotive Scholarship	221,628
Canton APICS Scholarship	15,000
Canton Veteran Car Club Scholarship	4,826
David & Pauline Colaner Scholarship	9,301
Deuble Foundation Scholarship	88,203
Diebold Foundation Scholarship	96,232
Dominion East Ohio Gas Co. Scholarship	9,468
Engineering Memorial Scholarship	17,195
Faculty Association Scholarship	13,205
Paul & Susan Feaser Scholarship	6,646
Janet C. Fisher Scholarship	32,877
Albert & Edith Flowers Scholarship	15,262
GAR Diversity Scholarship	56,404

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

6. PERMANENTLY RESTRICTED NET ASSETS (continued)

Robert & Celine Hallier Scholarship	5,102
Lynn Hamilton Scholarship	4,747
William & Martha Haverlock Scholarship	9,309
Hoover Foundation Scholarship	93,534
Herbert Hoover Scholarship	88,941
Doris Huston Scholarship	2,834
Para Jones Scholarship	5,340
Sarah Kaaikaula Scholarship	4,749
Mel Kallis Scholarship	20,529
Kismet Foundation Scholarship	30,000
Samuel Krugliak Scholarship	8,915
George W. Lemon Scholarship	9,068
Loew Family Scholarship	4,752
William & Sharon Luntz Scholarship	10,134
John McGrath Presidential Scholarship	72,021
Betty Morford Scholarship	9,362
Ada & Helen Rank Scholarship	23,449
Ned Saums Scholarship	11,554
SCADA Automotive Scholarship	70,719
William and Barbara Schiltz Scholarship	50,000
Mary & Joseph Shannon Scholarship	4,774
Fred F. Silk Scholarship	292,942
Larry Smerglia Scholarship	4,823
Marge Smith Scholarship	5,331
Eddie & Madeline Stevens Scholarship	3,759
Student Scholarship	103,474
Jeffrey & Brenda Walters Scholarship	4,804
Charles H. and Virginia C. West Scholarship	9,068
Edward & Ruth Wilkof Scholarship	13,411
Ervin & Marie Wilkof Scholarship	38,977
Ronald & Ruthanne Wilkof Scholarship	4,799
Dale A. and Marguerite M. Young Scholarship	58,387
Total Scholarships for Students	1,844,577

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

6. PERMANENTLY RESTRICTED NET ASSETS (continued)

Professional Development:	
Faculty and Staff Professional Development	103,866
Mary Powers Professional Development	<u>7,850</u>
Total Professional Development	111,716
Departmental Equipment and Supplies:	
Instructional Resources	<u>18,303</u>
Total Departmental Equipment and Supplies	<u>18,303</u>
 Total Permanently Restricted Net Assets	 <u><u>\$1,974,596</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.



**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, 2010, and have issued our report thereon dated December 17, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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

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, the Board of Trustees, others within the Foundation, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 17, 2010

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Dave Yost • 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
FEBRUARY 8, 2011**