



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments
www.bhscpas.com

NORTH CENTRAL STATE COLLEGE FOUNDATION INC.

RICHLAND COUNTY

REGULAR AUDIT

For the Year Ended June 30, 2012
Fiscal Year Audited Under GAGAS: 2012



Dave Yost • Auditor of State

Board of Trustees
North Central State College Foundation, Inc.
PO Box 698
Mansfield, Ohio 44901

We have reviewed the *Independent Accountants' Report* of the North Central State College Foundation, Inc., Richland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 "Dave Yost".

Dave Yost
Auditor of State

December 27, 2012

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North Central State College Foundation Inc.
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For the Fiscal Year Ended June 30, 2012

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North Central State College Foundation, Inc.

Board of Trustees & Committees

July 1, 2011 through June 30, 2012

Executive Committee

The Executive Committee is comprised of the Foundation's officers who include the Board of Trustees President, Immediate Past President, Vice President of each major committee, Secretary, Treasurer, College President, and other Trustees as deemed appropriate by the Board President. The Foundation's Executive Director is an ex-officio (non-voting) member. This Committee conducts the Foundation's business in the absence of a meeting of the full board as outlined in the Foundation's Code of Regulations. It is chaired by the Foundation President and should meet as needed.

Debbi Adams - President
Brad Peffley – Immediate Past President
Bill Jilek – Resource Development Vice President
Mark Kreinbuhl – Internal Relations Vice President
Bill Cooper – Community and Alumni Relations Vice President
Rick Ruehle – Activities Vice President
Juanita Carter – Secretary
Lori McKee – Treasurer
Don Plotts – College President
Chriss Harris – Foundation Executive Director

Internal Relations Committee

The Internal Relations Committee is chaired by the Vice President for Internal Relations and has several and varied responsibilities. This Committee serves throughout the year in the area of membership, searching for community leaders who could become Foundation board members. It should also serve annually as a nominating committee to nominate a slate of officers for the Foundation's Board of Trustees.

This Committee should also annually review the Articles and Code of Regulations to see that they reflect the manner in which the Foundation is operating. The Internal Relations Committee should be responsible for orientation of new board members. This Committee should meet as warranted if nominations or changes in the Code of Regulations, etc., are necessary.

Mark Kreinbuhl - CHAIR
Tom Brennan
Don Covert
Kim Foster
Gayle Gorman Freeman
Chriss Harris
Peg Moir
Kevin Nestor
Brad Peffley
Don Stone
Rick Taylor
Gale Wagner (staff)

North Central State College Foundation, Inc.

Board of Trustees & Committees

July 1, 2011 through June 30, 2012

Resource Development Committee

The Resource Development Committee is the key committee that works with the Foundation's Executive Director in implementing the resource development program. The Vice President for Resource Development chairs this Committee, which is responsible for supporting the various phases of the annual fund Emerald Club effort, the seeking of special gifts, and the cultivation of major gift prospects. This Committee reviews and provides input to budget recommendations, fund investment strategies, and capital/major campaign plans. The group should meet quarterly or as often as the implementation of the resource development program warrants.

Bill Jilek – CHAIR
Matt Smith – VICE CHAIR
Debbi Adams
Michele Barber (staff)
John Brown
George “Bud” Frank
Tammy Hammond (staff)
Chriss Harris
Bill Hartnett
Mark Kreinbihl
Glenn McClelland
Lori McKee
Don Plotts
Lydia Reid
Mark Romanchuk
Tim Rowsey
Vic Smith

Community Relations and Alumni Committee

The Community and Alumni Relations Committee is chaired by the Vice President for Community Relations and helps facilitate public relations efforts and Foundation marketing plans. The goal of the Committee is to build the best possible image for the College and the Foundation.

Members of the Committee are community leaders and marketing professionals who are well in tune with the “pulse” of the community and marketing within it. This Committee reviews and provides input on Foundation communications and resource building campaigns. This Committee also works with the Alumni Relations Coordinator to develop programs and activities to enhance the College alumni experience. The Committee should meet bi-annually or as warranted.

Bill Cooper - CHAIR
Mary Bolin – VICE CHAIR
Chriss Harris
Virginia Imhoff
Cindy Jakubick (MedCentral Health System)
Marilyn John
Kristi Lord (Mechanics Bank)
Kristie Massa (Richland Bank)
Dr. Karen Reed
Mary Rodriguez (staff)
Lee Tasseff
Dr. Ron Walker
Betty Preston

North Central State College Foundation, Inc.

Board of Trustees & Committees

July 1, 2011 through June 30, 2012

Activities Committee

The Activities Committee is chaired by the Vice President for Activities. This Committee is responsible for helping to support several annual activities or special events. One of these events should be a premier activity that brings a maximum number of College and Foundation constituents to the Mansfield Campus for mass cultivation. The Activities Committee also helps plan and conduct special activities to include special meetings of the Foundation Board of Trustees and should meet quarterly or more often as warranted.

Rick Ruehle - CHAIR
Juanita Carter
Mark Collins
Kathy Daniels
Chriss Harris
Edie Humphrey
Lee Tasseff
Gary Utt
Gale Wagner (staff)
Steve Williams
Bob Zettler

Innovation Fund Committee

This ad hoc committee meets annually to review Innovation Fund grant applications submitted by the College's faculty and staff for creative classroom projects. Innovation Fund grants are awarded annually.

Brad Peffley – CHAIR
Ken Ekegren (College faculty)
Bud Frank
Jay Goyal
Tammy Hammond (staff)
Doug Hanuscin
Chriss Harris
Don Harris (Richland Bank)
Ellen Johnson (College faculty)
Gunther “Gog” Meisse
Karl Milliron
Lew Milner (College faculty)
Peg Moir
David Williamson

North Central State College Foundation, Inc.

Board of Trustees & Committees

July 1, 2011 through June 30, 2012

Alumni Association Advisory Board

This committee meets semi-annually to develop plans to engage alums in services and events, foster relationships that build loyalty with alumni, and strengthen resource development.

Ricky Branham (Willard City Council member, pastor, registered nurse)

Sheila Campbell (NC State staff, Institutional Research)

Heiden Eichorn (NC State faculty)

Crystal Escalera (Pioneer Career & Technology Center)

Dorie Ford (NC State faculty, clinic manager)

Chriss Harris

Mark Hess (Hess Industries)

Melissa Keller (Coburn Inc.)

Mary Rodriguez (staff)

Rick Ruehle

Sam Wade (NC State faculty)



Balestra, Harr & Scherer, CPAs, Inc.

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Independent Accountants' Report

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

We have audited the accompanying statement of financial position of the North Central State College Foundation, Inc., Richland County, Ohio (the Foundation), a component unit of the North Central State College, as of June 30, 2012, 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 the 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 North Central State College Foundation Inc., Richland County, Ohio as of June 30, 2012, 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 December 7, 2012, 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

Balestra, Harr & Scherer, CPAs, Inc.
December 7, 2012

North Central State College Foundation, Inc.

Statement of Financial Position

As of June 30, 2012

ASSETS

Cash and cash equivalents	\$ 173,992
Investments	3,246,824
Interest in Assets held by Richland County Foundation	350,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	821,992
Prepaid Expense	49,324
Emergency Loan Receivable	500
Capital Assets, Net	<u>9,753</u>
 Total Assets	 \$ 4,652,385

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 43,556
Line of Credit	384,081
Deferred Income	<u>6,990</u>
 Total Liabilities	 <u>434,627</u>
 Net Assets:	
Unrestricted	(185,111)
 Temporarily Restricted	 1,283,812
Temporarily Restricted-Assets held by Richland County Foundation	<u>350,000</u>
 Total Temporarily Restricted	 1,633,812
 Permanently Restricted	 <u>2,769,057</u>
 Total Net Assets	 <u>4,217,758</u>
 Total Liabilities and Net Assets	 <u>\$ 4,652,385</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</u>				
Contributions, net of future values and bad debts	\$ 245,521	\$ 286,299	\$ 192,085	\$ 723,905
Investment income, including realized and unrealized gains and losses, net	3,100	-	-	3,100
Richland County Foundation Revenue	28,699	-	-	28,699
Fundraising Revenue	215,298	-	-	215,298
Other Revenue	20,188	-	-	20,188
Net assets released from restrictions	413,317	(413,317)	-	-
	<u>926,123</u>	<u>(127,018)</u>	<u>192,085</u>	<u>991,190</u>
<u>EXPENSES</u>				
Program Services:				
Scholarships	413,317	-	-	413,317
Entrepreneur Hall of Fame	12,185	-	-	12,185
Professional development	398	-	-	398
Personnel reimbursement	164,226	-	-	164,226
Management and General:				
Investment Expense		47,716	-	47,716
Fundraising	936,837	-	-	936,837
Materials and Supplies	995	-	-	995
Contractual Services	4,543	-	-	4,543
Outreach Fund	7,484	-	-	7,484
Other Expense	31,231	-	-	31,231
	<u>1,571,216</u>	<u>47,716</u>	<u>-</u>	<u>1,618,932</u>
Changes in Net Assets	(645,093)	(174,734)	192,085	(627,742)
Net Assets, Beginning of Year (Restated)	<u>459,982</u>	<u>1,808,546</u>	<u>2,576,972</u>	<u>4,845,500</u>
Net Assets, End of Year	<u>\$ (185,111)</u>	<u>\$ 1,633,812</u>	<u>\$ 2,769,057</u>	<u>\$ 4,217,758</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, 2012

Cash Flows from Operating Activities:	
Change in net assets	\$ (627,742)
Adjustments to reconcile net assets to net cash used for operating activities:	
Decrease in contributions receivable	659,888
Increase in emergency loan receivable	(500)
Increase in prepaid expenses	(8,473)
Decrease in accounts payable	(103,752)
Increase in line of credit	121,179
Decrease in deferred revenue	(99,125)
Contributions restricted for investment in endowment	(192,085)
Net unrealized and realized loss on investments	<u>(13,087)</u>
Total adjustments	<u>364,045</u>
Net cash used for operating activities	(263,697)
 Cash flows from investing activities:	
Proceeds from sale of investments	1,077,839
Purchase of Investments	<u>(1,521,522)</u>
Net cash provided by financing activities	<u>(443,683)</u>
 Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>192,085</u>
Net cash provided by financing activities	<u>192,085</u>
 Cash flows from capital and related financing activities:	
Purchase of capital assets, net of depreciation	<u>3,613</u>
Net cash provided by capital and related financing act	3,613
Net decrease in cash and cash equivalents	(511,682)
Cash and cash equivalents at beginning of year	<u>685,674</u>
Cash and cash equivalents at end of year	<u><u>\$ 173,992</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, 2012

1. DESCRIPTION OF THE FOUNDATION

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 is 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 each 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 Net 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.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Net Assets. 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.

Donated Service and Facilities

The Foundation has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by business office personnel who are employees of North Central State College, utilizing equipment and facilities of North Central State College.

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by College personnel have been recognized in the Statement of Activities as personnel reimbursement expenses as required by SFAS 116.

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 \$10,000 to establish a scholarship fund.

Prepaid Expenses

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

Capital Assets

Capital assets acquired by the Foundation consist of office equipment. All expenditures for capital 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.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

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 those changes could materially affect the amounts reported in the financial statements.

At June 30, 2012, investments consisted of the following:

	Market / Carrying Value	Maturity			
		Less Than One Year	1-2 Years	3-5 Years	6-7 Years
Money Market Investments - US Government Obligations	90,981	90,981	-	-	-
Mutual Funds - Fixed Income Corporations	1,935,925	699,537	363,804	579,220	293,364
Mutual Funds - Equity Securities	1,201,451	1,201,451	-	-	-
Alternative Investments - SPDR Gold Trust	18,467	18,467	-	-	-
Total	3,246,824	2,010,436	363,804	579,220	293,364

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

3. INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2012 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observ- able Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Investments – U.S. Government Obligations	\$90,981	\$0	\$0
Mutual Funds - Fixed Income Corporations	1,935,925	0	0
Mutual Funds - Equity Securities	1,201,451	0	0
Alternative Investments – SPDR Gold Trust	18,467	0	0
Total	<u>\$3,246,824</u>	<u>\$0</u>	<u>\$0</u>

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 is 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, 2012 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions of those promises have been met.

Contributions receivable consisted of the following at June 30, 2012:

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

Unrestricted	\$368,210
Temporarily restricted	382,673
Permanently restricted	<u>209,357</u>
Gross unconditional promises to give	960,240
Less: Unamortized discount	(42,224)
Less: Allowance for uncollectible contributions	<u>(96,024)</u>
Amounts due: Less than one year	<u>\$821,992</u>

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

5. TEMPORARILY RESTRICTED NET ASSETS

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

Scholarships for Students	\$109,357
Grants	35,897
Other	268,063
Total Released Net Assets	<u>\$413,317</u>

Temporarily and permanently restricted net 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:

Scholarships for Students:

ADA Ford Educational Aid	\$3,984
Ambassador Scholarship	4,000
Alumni Scholarship	5,865
Brown Scholarship	845
Cardwell/Near Scholarship	931
Cobey Scholarship	2,467
Carter Memorial	2,428
Coleman Scholarship	1,501
Cress	501
Emerson Scholarship	9,069
Equipment	31,436
Faculty Scholarship	1,004
G-R Civic Scholarship	1,640
Garber Scholarship	5,251
Galion FOP Scholarship	500
Gimbel-Health Chair	1,611
Gimble Scholarships	28,546
Gorman Fund	29,436
Gorman-Rupp Scholarship	2,401
Gubkin Scholarship	500
CC-Entrepreneur	10,076
CC-Entrepreneur Scholarship	1,669
Kroger Scholarship	1,001
Haring Scholarship	1,098
Innovation Fund	31,517
Jenko	26,895
Kehoe Center	705,908
Mansfield University	3,001
Necessities Fund	24,671
Necessities – Crawford	8,490
Necessities – Shelby	5,679
Necessities – Wayne	3,083

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

5. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Nursing Scholarship	5,001
Orange and Blue Scholarship	5,001
Phillips E Troop	3,653
Phillips Fund	4,803
Pres Emeritus Scholarship	1,954
Preston Scholarship	1,001
PTA Fund	1,713
Rable Machine Scholarship	2,576
Radiology Merit Scholarship	4,091
RMC	1,000
Searle – PTA	1,476
Scholarships – General	4,574
Urban Center Scholarship Fund	1,267
Urban Center Project Fund	2,271
Vetter	507
Welsh Scholarship	2,401
Tech Prep	4,800
YES Entrepreneur	14,302
Other (Receivable Pledges)	264,417
Richland County Foundation	350,000
Total Temporarily Restricted	\$1,633,812

6. PERMANENTLY RESTRICTED NET ASSETS

<u>Endowment Scholarships for</u>	
ADA Ford Educational Aid Fund	\$20,000
Alumni	16,623
Brown/Respiratory	11,061
Cardwell/Neer	10,000
Carter Memorial Endowment	31,267
Cobey Scholarship	19,201
Coleman Scholarship	15,506
Cress	26,800
Emerson Scholarship	104,902
Faculty Scholarship	10,848
G-R Civic Scholarship	22,463
Galion FOP	12,138
Garber Scholarship	28,141
Gimble Health Chair	450,000
Gorman-Rupp Scholarship	56,661
Gubkin Scholarship	10,043
Haring Scholarship	24,334
Jenko	699,933
Kroger Scholarship	36,129
Necessities	125,090

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

Necessities – Crawford	38,850
Necessities – Shelby	39,234
Necessities – Wayne	26,275
Nursing Scholarship	236,012
Orange and Blue Scholarship	129,275
Phillips	67,000
Phillips E Troop	26,673
Presidents Emeritus Endowment	20,320
Preston Endowment	35,385
PTA Fund	21,205
RMC	10,000
Searle – PTA	60,000
Searle – RN	60,000
Vetter	10,000
Welsh Scholarship	53,678
Entrepreneur Endowment (Y.E.S.)	38,651
Restricted Contributions	165,359
Total Permanently Restricted	<u>\$2,769,057</u>

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2012.

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.

In accordance with SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Hold 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 \$350,000 at June 30, 2012.

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 Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2012 totaled \$273,267.

8. INCOME TAXES

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

9. RELATED PARTY

The Foundation is affiliated with the College. During the year ended June 30, 2012, the College provided the Foundation with professional services valued at \$164,226. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2012, the Foundation provided scholarships and support to the College of \$413,317.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

10. LINE OF CREDIT

In Fiscal Year 2011, the College Foundation obtained a line of credit for up to \$600,000, secured by future Capital Campaign pledges, to complete the funding of the construction project at North Central State College's Fallerius Center. The construction project was completed during the fall of 2011 (Fiscal Year 2012). Payments from donors on Foundation-secured financial pledges for the construction project will be made over the next two years and used to pay off the Richland Bank Line of Credit. The outstanding balance on the line of credit as of June 30, 2012 was \$384,081.

11. PRIOR YEAR RESTATEMENT

During Fiscal Year 2012, North Central State College Foundation requested documentation from The Richland County Foundation in regards to the "Direct Fund" held by Richland County Foundation. It was determined that North Central State College had made seven deposits of \$50,000 to the Richland County Foundation, therefore, the balance held by the Richland County Foundation should reflect \$350,000 rather than the \$250,000 that had been reported previously.

	Temporarily Restricted	Total Net Assets	
June 30, 2011	\$ 1,708,546	\$ 4,745,500	
Adjustment	100,000	100,000	
Restated July 1, 2011	<u>\$ 1,808,546</u>	<u>\$ 4,845,500</u>	



Balestra, Harr & Scherer, CPAs, Inc.

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

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

We have audited the financial statements of the North Central State College Foundation, Inc., Richland County, Ohio (the Foundation) a component unit of the North Central State College, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. 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 would not necessarily identify all deficiencies in internal control 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.

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.

Member of the Board of Trustees
North Central State College Foundation, Inc.
Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*

**Compliance and Other Matters
(Continued)**

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 that we must report under *Government Auditing Standards*.

We noted a certain matter not requiring inclusion in this report that we reported to management in a separate letter dated December 7, 2012.

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
December 7, 2012



Dave Yost • Auditor of State

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
JANUARY 8, 2013**