

# **Stark State College Foundation**

**Financial Statements  
June 30, 2015**





# Dave Yost • Auditor of State

Board of Directors  
Stark State College Foundation  
6200 Frank Ave NW  
North Canton, OH 44720

We have reviewed the *Independent Auditor's Report* of the Stark State College Foundation, Stark County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2014 through June 30, 2015. 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

February 2, 2016

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# Stark State College Foundation

## Financial Statements

June 30, 2015

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## Independent Auditor's Report

Board of Directors  
Stark State College Foundation  
North Canton, OH

To the Board of Directors:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Stark State College Foundation (the "Foundation") (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Stark State College Foundation

***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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
January 29, 2016

**STARK STATE COLLEGE FOUNDATION**

Statement of Financial Position

June 30, 2015

**ASSETS**

Cash and cash equivalents	\$	646,923
Unconditional promises to give		
Unrestricted		2,322
Restricted to instructional departments		315,669
Restricted to scholarships		2,639
Restricted to endowments		113,215
Investments		4,516,603
Investments held for others		<u>267,602</u>
TOTAL ASSETS	\$	<u><u>5,864,973</u></u>

**LIABILITIES**

Accounts payable	\$	49,440
Investments held for others		<u>267,602</u>
TOTAL LIABILITIES		317,042

**NET ASSETS**

Unrestricted		61,754
Temporarily restricted		1,338,961
Permanently restricted		<u>4,147,216</u>
TOTAL NET ASSETS		<u>5,547,931</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>5,864,973</u></u>

The accompanying notes are an integral part of these financial statements.

**STARK STATE COLLEGE FOUNDATION**

## Statement of Activities

For the Year Ended June 30, 2015

**UNRESTRICTED NET ASSETS**

Support, revenues and gains (losses)	
Individuals	\$ 18,401
Investment income	1,526
Investment gains (losses)	(536)
In-kind donations	217,170
Transfer to temporarily restricted net assets	(6,576)
Net assets released from restrictions	
Satisfaction of purpose restrictions	417,160
<b>TOTAL UNRESTRICTED SUPPORT, REVENUES AND GAINS (LOSSES)</b>	<u>647,145</u>

## Expenses

Supporting college activities	
Scholarships for students	183,090
Instructional equipment and supplies	421,809
Professional development	3,162
Student services	139
Public services	26,130
Operations	
Management and general	67,113
<b>TOTAL UNRESTRICTED EXPENSES</b>	<u>701,443</u>

DECREASE IN UNRESTRICTED NET ASSETS (54,298)

**TEMPORARILY RESTRICTED NET ASSETS**

Support for instructional departments	138,825
Support for scholarships and loans	153,290
Support for student services	388,914
Support for Barberton Campus	5,000
Support for public services	27,000
Investment income	116,398
Investment gains (losses)	(69,291)
Transfer from unrestricted net assets	6,576
Net assets released from restrictions	
Satisfaction of purpose restrictions	(417,160)
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>349,552</u>

**PERMANENTLY RESTRICTED NET ASSETS**

Endowment fund support	210,234
Investment income	220
Investment gains (losses)	(98)
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>210,356</u>

**INCREASE IN NET ASSETS** 505,610

**NET ASSETS AT BEGINNING OF YEAR** 5,042,321

**NET ASSETS AT END OF YEAR** \$ 5,547,931

The accompanying notes are an integral part of these financial statements.

**STARK STATE COLLEGE FOUNDATION**

Statement of Cash Flows

For the Year Ended June 30, 2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 505,610
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized (gains) losses on investments	69,925
Contributions restricted for endowment	(210,234)
Discounting of unconditional promises to give	12,725
Changes in operating assets and liabilities:	
Unrestricted unconditional promises to give	74
Restricted unconditional promises to give	(295,293)
Prepaid expenses	2,907
Interest receivable	69
Accounts payable	49,440

NET CASH PROVIDED BY OPERATING ACTIVITIES 135,223

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments	(2,443,577)
Proceeds from sale of investments	2,214,558

NET CASH USED BY INVESTING ACTIVITIES (229,019)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Collections of endowment fund support	250,950
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NET CASH PROVIDED BY FINANCING ACTIVITIES 250,950

**INCREASE IN CASH AND CASH EQUIVALENTS 157,154**

**BEGINNING CASH AND CASH EQUIVALENTS 489,769**

**ENDING CASH AND CASH EQUIVALENTS \$ 646,923**

The accompanying notes are an integral part of these financial statements.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 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 (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 not-for-profit corporations.

The Foundation's primary sources of revenue are endowment income and public support through donations from individuals, corporations, foundations, and trusts located primarily in northeast Ohio.

### 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.

#### Financial Statement Presentation

The Foundation follows authoritative guidance issued by the Financial Accounting Standards Board ("FASB") which established the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America.

ASC 958: Not-for-Profit Entities 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 the existence or lack of donor-imposed restrictions. A description of the three net asset categories is as follows:

*Unrestricted Net Assets* - Net 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* - Net 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* - Net 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 based upon donor intent, 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 Financial Statements

June 30, 2015

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

#### Contributions

The Foundation reports contributions in accordance with ASC 958. ASC 958 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 amortization of 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.

#### Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Included in cash and cash equivalents at June 30, 2015 was \$214,880 of funds held by the College on behalf of the Foundation.

#### Investments

Investments in marketable 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. Investment fees for the year ended June 30, 2015 were \$34,949.

Investments of the unrestricted, temporarily restricted and permanently restricted funds are pooled for making investment transactions and are carried at market value. Investment income, which includes 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 period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met.

Management analyzes the promises to give on a continuing basis to determine collectability and to assess the need for an allowance for doubtful accounts. Pledges are written off when collection is considered doubtful. No allowance was considered necessary as of June 30, 2015.

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.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

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

#### Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments, and promises to give.

The Foundation has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are overseen by a committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the committee believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to promises to give is limited due to the number and credit worthiness of the foundations, corporations, governmental units, and individuals who comprise the contributor base.

At various times during the year ended June 30, 2015, the Foundation's cash in bank balances may have exceeded the federal insured limits.

#### Donated Administrative Expenses

Certain administrative and fundraising functions of the Foundation are performed by administrative employees of Stark State College at no charge to the Foundation. The value of these services is not recognized in the Foundation's financial statements.

#### Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 29, 2016, the date the financial statements were available to be issued.

#### In-Kind Donations

In-kind donations, when received, are reflected in the accompanying statement of activities at their estimated fair value as of the date of receipt. Such in-kind support is offset by like amounts in instructional equipment and supplies in the accompanying statement of activities.

### 3. INVESTMENTS

Investments consisted of the following at June 30, 2015:

	<u>Foundation</u>	<u>Held on behalf of others</u>
Equities	\$ 2,847,923	\$ 183,862
Fixed income	1,491,266	75,785
Money market funds	<u>177,414</u>	<u>7,955</u>
	<u>\$ 4,516,603</u>	<u>\$ 267,602</u>

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 4. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments – The Foundation adopted applicable sections of the ASC 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels below:

*Level 1* – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

*Level 2* – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets or liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in models, such as interest rates and volatility factors, are corroborated by readily observable data.

*Level 3* – Uses inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgement. These values are generally determined using pricing models and market assumptions.

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

The following is a summary of the inputs used as of June 30, 2015, in valuing the Foundation's investments carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Corporate stock	\$ 2,847,923	\$ -	\$ -	\$ 2,847,923
Fixed income				
Corporate notes	299,342	-	-	299,342
Mutual funds	1,116,135	-	-	1,116,135
U.S. Agencies	75,789	-	-	75,789
Money market funds	<u>177,414</u>	<u>-</u>	<u>-</u>	<u>177,414</u>
	<u>\$ 4,516,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,516,603</u>

**STARK STATE COLLEGE FOUNDATION**  
Notes to Financial Statements  
June 30, 2015

**4. FAIR VALUE MEASUREMENTS (continued)**

The following is a summary of the inputs used as of June 30, 2015, in valuing the Foundation's investments held on behalf of others carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Corporate stock	\$ 183,862	\$ -	\$ -	\$ 183,862
Fixed income				
Corporate notes	23,546	-	-	23,546
Mutual funds	46,278	-	-	46,278
U.S. Agencies	5,961	-	-	5,961
Money market funds	<u>7,955</u>	<u>-</u>	<u>-</u>	<u>7,955</u>
	<u>\$ 267,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,602</u>

Subsequent to June 30, 2015 the Foundation's investments have a decline in value of approximately 6% due to the unfavorable global stock markets. Although the value of investments may fluctuate from time to time, the Foundation's Board believes the investment policy is prudent for the long term.

**5. ENDOWMENT FUND**

Net Asset Classification of Endowment Funds

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, (b) the original value of subsequent gifts, 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. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The investment policies of the Foundation

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2015

**5. ENDOWMENT FUND (continued)**

During the year ended June 30, 2015, the Foundation had the following endowment related activities:

	<u>Donor- Restricted Endowment Funds</u>	<u>Board- Designated Endowment Funds</u>	<u>Total</u>
Investment return:			
Interest and dividends	\$ 116,618	\$ 1,204	\$ 117,822
Net realized and unrealized gain (loss)	<u>(69,389)</u>	<u>(536)</u>	<u>(69,925)</u>
Total investment return	47,229	668	47,897
Contributions	250,950	-	250,950
Appropriation of endowment assets for expenditure	<u>(104,021)</u>	<u>-</u>	<u>(104,021)</u>
Total change in endowment funds	\$ <u>194,158</u>	\$ <u>668</u>	\$ <u>194,826</u>

Net Asset Classification of Endowment Funds (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 599,203	\$ 4,034,001	\$ 4,633,204
Board-designated endowment funds	<u>48,949</u>	<u>-</u>	<u>-</u>	<u>48,949</u>
Total	\$ <u>48,949</u>	\$ <u>599,203</u>	\$ <u>4,034,001</u>	\$ <u>4,682,153</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 48,281	\$ 656,117	\$ 3,782,929	\$ 4,487,327
Investment return:				
Interest and dividends	1,204	116,398	220	117,822
Net realized and unrealized gain (loss)	<u>(536)</u>	<u>(69,291)</u>	<u>(98)</u>	<u>(69,925)</u>
Total investment return	668	47,107	122	47,897
Contributions	-	-	250,950	250,950
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(104,021)</u>	<u>-</u>	<u>(104,021)</u>
Endowment net assets, end of year	\$ <u>48,949</u>	\$ <u>599,203</u>	\$ <u>4,034,001</u>	\$ <u>4,682,153</u>

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 5. ENDOWMENT FUND (continued)

Below is a reconciliation of permanently restricted net assets included in the endowment fund to total permanently restricted net assets:

Permanently restricted net assets within endowment fund	\$ 4,034,001
Permanently restricted contributions included in pledges receivable	<u>113,215</u>
Total permanently restricted net assets	\$ <u>4,147,216</u>

#### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of Stark State College. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as board-designated funds. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

#### Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In recognition of the difficulty in predicting the direction of the markets or future state of the economy, the Foundation's assets are diversified among asset classes, managers/funds, and investment styles. The Board has determined that 60% to 70% of the investment portfolio be allocated to equities, including international securities, and 30% to 40% be allocated to fixed income or cash investments. The Board also reviews the portfolio on a regular basis (at least annually) to consider the portfolio's asset mix relative to its target and the allowable range around the target.

The investment strategy for the Foundation's portfolio indicates the principal category of equity investments will be common stocks with primary emphasis on high quality companies that are financially sound and that have favorable prospects for earnings growth. The largest percentage of fixed income investments will be invested in portfolios of high quality (primarily A- to AAA- rated) corporate bonds, U.S. Treasury and U. S. Government Agency securities. Investments in foreign securities may comprise 15% to 25% of equity investments based upon market conditions and investment manager discretion.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 5. ENDOWMENT FUND (continued)

In addition to asset classes, the Foundation may be diversified between managers/funds and investment styles, as well. The purpose of this approach is to incorporate prudent diversification within the Foundation, enhancing expected returns, and/or reducing risk of the total portfolio. This structure will be reviewed by the Finance Committee on an ongoing basis as part of the overall monitoring process.

#### Spending Policy

The Foundation's spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 6% of the three-year average market value of a designated endowment fund to be distributed yearly. Spending may include net realized gains earnings over that three-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income-net of external and internal fees and previously designated spending amount) above 6% will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the investment committee and recommendations for any changes are forwarded to the full Board for review and approval.

### 6. 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 are recorded net of a 5% reduction to estimate the present value of their estimated of future cash flows. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Gross receivables due within:			
Less than one year	\$ 2,145	\$ 45,044	\$ 47,189
One to five years	<u>299</u>	<u>409,191</u>	<u>409,490</u>
	2,444	454,235	456,679
Discount	<u>(122)</u>	<u>(22,712)</u>	<u>(22,834)</u>
Promises to give, net	\$ <u>2,322</u>	\$ <u>431,523</u>	\$ <u>433,845</u>

Approximately 73% of the pledges receivable, net, balance as of June 30, 2015 was due from one donor. The same donor made contributions that approximated 41% of the total contributions and grants revenue for the year ended June 30, 2015.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily and permanently restricted net 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 & loans 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.

#### Scholarships & Loans for Students:

Abel, Larry Scholarship	\$	2,727
Akron Children's Hospital Scholarship		13,143
Albert, Leon & Helene Scholarship		2,756
Allied Dental Health Professional Scholarship		1,217
Alumni Class Scholarship		10,793
AT&T Fund		7,500
Aultman Hospital Scholarship		6,681
Automotive Department Scholarship		601
Bobbitt, Robert T. and Hortense Scholarship		2,463
Bolgrin, Harrison Scholarship		191
Bridgestone/Firestone Automotive Scholarship		2,461
Cain, Edward and Henry Automotive Scholarship		34,767
Cain, Alice PTA Scholarship		355
Canton APICS Scholarship		4,073
Canton Carnival Wheels Scholarship		11,300
Canton City School Scholarship		1,000
Career Development Scholarship		360
Chesapeake Energy Corp. Scholarship		8,000
Chevron ShaleNET Scholarship		1,175
Chiappini, Thomas & Deborah Scholarship		12
Cleveland Auto Dealers Grant		20,300
Colaner, David & Pauline Scholarship		1,691
DeHoff Scholarship		1,004
Deuble Foundation Scholarship		11,164
Diamond J. Edward & Janet Scholarship		1,319
Diebold Foundation Scholarship		28,982
Disability Services Scholarship		24
Diversity Scholarship		12,555
Dominion East Ohio Gas Company Scholarship		1,981
Droney Scholarship		317
Dyer, Dan & Sara Scholarship		92
Efremoff, Tony & Sally Scholarship		3,361
Engineering Memorial Scholarship		4,452
Eva Marie Gallagher Scholarship		1,500
Faculty Association Scholarship		7,938
Feaser, Paul & Susan Scholarship		2,676
Fisher, Janet C. Scholarship		1,752
Flowers, Albert & Edith Scholarship		3,888

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 7. TEMPORARILY RESTRICTED NET ASSETS

#### Scholarships & Loans for Students (continued)

Fortisure Foundation Scholarship	117,993
GAR Dual Enrollment Scholarship	50,000
GAR Scholarship	6,543
Gibson, Jeromy Com Service Memorial	2,464
Graco Engineer Scholarship	2,500
Hallier, Robert & Celine Scholarship	532
Hamilton, Lynn Scholarship	1,563
Hatton, Katy Scholarship	1,721
Haverlock, William & Martha Scholarship	36
Hays, Sharon B. Scholarship	710
Health Foundation Greater Massillon	5,000
Hilscher Clark Electrical Eng. Scholarship	1,000
Hinderer, R & G Scholarship	448
Hoover Foundation Scholarship	3,301
Hoover, Herbert Scholarship	17,343
Houston, Doris Scholarship	2,514
Jivens, John & Carol Scholarship	741
Jones, Para Scholarship	2,139
Kallis, Mel Scholarship	4,381
Kids College Scholarship	216
Kimble Foundation Scholarship	17,866
Kirsch, Roland Scholarship	1,000
Kismet Foundation Scholarship	9,889
Krugliak, Samuel Scholarship	1,941
Lally Eberhart Scholarship	91
Lavery Scholarship	847
Lemon, George W. Scholarship	2,369
Loew Family Scholarship	2,057
Longo Sports Medicine Scholarship	7
Luntz, William & Sharon Scholarship	601
Maloney Family Scholarship	1,677
Management & Marketing Scholarship	30
Mann, Roger & Kathleen	1,223
Martin II, Donnie Memorial Scholarship	15
McGrath, John Presidential Scholarship	14,547
McIntosh, Walter & Bess Scholarship	955
Miller Ron Scholarship	338
Miller, Timothy Scholarship	543
Morford, Betty Scholarship	2,012
Moyer, Art Endowment Scholarship	3
Moyer, Art Project Scholarship	295
Myers, Selena Scholarship	12
Oil & Gas Scholarship	26
Picone, Joan M. Scholarship	140

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2015

**7. TEMPORARILY RESTRICTED NET ASSETS**

## Scholarships &amp; Loans for Students (continued)

President's Scholars Award	2,362
R.C. Miller Scholarship	2,426
Rank, Ada & Helen Scholarship	7,715
Remark, C&S – Nursing Scholarship	80
Robbins, Anna M. Memorial Scholarship	22
Sabe, Ahmed Scholarship	2,588
Saums, Ned Scholarship	2,082
SCADA Automotive Scholarship	7,747
Schlitz, William & Barbara Scholarship	16,200
Schiltz W&B Scholarship	20,552
Schonhof/Presper Financial/Accounting Scholarship	10
Science Division Scholarship	428
Shankle, Laurie Scholarship	92
Shannon, Mary & Joseph Scholarship	1,710
Shreve, Zak & Ben Scholarship	724
Silk, Fred F. Scholarship	69,937
Smerglia, Larry & Ginny Scholarship	1,092
Smith, Fred Scholarship	15
Smith, Marge Scholarship	4,357
SSC Faculty Scholarship	1,371
SSC Trustee Scholarship	42
Stark Comm Foundation Scholarship	2,907
Sterner, Jayne Scholarship	395
Stevens, Eddie & Madeline Scholarship	2,294
Stokes, Marie Scholarship	726
Student Scholarship	29,095
Student Services Scholarship	258
Students of Promise Scholarship	20,155
Veteran's Scholarship	190
Wackerly, Patricia & DeChellis	10
Walters, Jeffery Scholarship	2,168
West, Charles H. and Virginia C. Scholarship	1,869
Westerbeck, John Scholarship	895
Wilkof, Ervin & Marie Scholarship	5,845
Wilkof, Edward & Ruth Scholarship	3,930
Wilkof, Ronald & Ruthann Scholarship	7,989
Williams, Charles Scholarship	359
Yesterday's Classic Auto Scholarship	1,000
Young, Dale A. and Marguerite M. Scholarship	<u>3,970</u>
Total Scholarships for Students	721,807

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2015

**7. TEMPORARILY RESTRICTED NET ASSETS**

Student Services:

Culinary Arts	125
Great Lakes College Ready Project	386,507
LGBTS	1,451
Lally Eberhart Culinary Arts	500
Society of Women in Engineering	160
We Are It	<u>25,000</u>
Total Student Services	413,743

Professional Development:

Faculty and Staff Professional Development	22,657
Powers, Mary Professional Development	<u>214</u>
Total Professional Development	22,871

Departmental Equipment and Supplies:

Electrical Engineering Equipment	3,050
Instructional Resources	4,747
Oil & Gas Lab	47,358
Paramedic/RN Lab Equipment	179
Refrigerator Service Engineering Society HVAC	5,000
Workforce Development Software	<u>113,775</u>
Total Departmental Equipment and Supplies	174,109

Aesthetics:

Pathway to the Future	561
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Public Service:

DOL American Apprentice Fund	870
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Barberton Campus:

Barberton Campus Equipment	<u>5,000</u>
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Total Temporary Restricted Net Assets \$ 1,338,961

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 7. TEMPORARILY RESTRICTED NET ASSETS

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

#### Purpose Restriction Accomplished

##### Scholarships & Loans for Students:

Abel, Larry Scholarship	\$	389
Akron Children's Hospital Scholarship		2,221
Albert, Leon & Helene Scholarship		698
Alumni Class Scholarship		3,089
Aultman Hospital Scholarship		1,312
Austin-Bailey Dental Hygiene Grant		15,000
Bobbitt, Robert T. and Hortense Scholarship		457
Cain Automotive Scholarship		9,373
Canton APICS Scholarship		558
Canton Carnival Wheels Scholarship		4,600
Chesapeake Energy Corp. Scholarship		23,000
Chevron ShaleNET Scholarship		13,825
Cleveland Auto Dealers Grant		(300)
Colaner Scholarship		419
Cross Scholarship		500
DeHoff Scholarship		52
Deuble Foundation Scholarship		3,675
Diamond J. Edward & Janet Scholarship		441
Diebold Foundation Scholarship		4,571
Diversity Scholarship		2,667
Engineering Memorial Scholarship		442
Feaser, Paul & Susan Scholarship		500
Fisher, Janet C. Scholarship		1,204
Flowers Scholarship		492
Fortisure Foundation Scholarship		16,500
GAR Scholarship		(1,547)
Graco Engineer Scholarship		7,500
Hatton, Katy Scholarship (formerly Kaaikaula)		237
Haverlock Scholarship		267
Hays, Sharon B. Scholarship		228
Hilscher Clark Electrical Engineering Scholarship		500
Hoover, Herbert Scholarship		4,000
Huston, Doris Scholarship		366
Jones, Para Scholarship		333
Kallis, Mel Scholarship		979
Kids College Scholarship		86
Kimble Scholarship		2,395
Kirsch, Roland Scholarship		1,000
Kismet Scholarship		1,838

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2015

**7. TEMPORARILY RESTRICTED NET ASSETS**

Purpose Restriction Accomplished (continued)  
Scholarships & Loans for Students (continued):

Loew Family Scholarship	268
Luntz's Scholarship	420
Mann, Roger & Kathleen Scholarship	226
McGrath President Scholarship	3,252
McIntosh Scholarship	149
President's Scholars Award	1,768
R.C. Miller Scholarship	857
Rank's Scholarship	1,600
Sabe, Ahmed Scholarship	327
SCADA Auto Scholarship	2,913
Schiltz Family Scholarship	13,800
Schiltz W & B Scholarship	4,296
Shannon, M & J Scholarship	241
Silk, Fred F. Scholarship	12,499
Smergila Scholarship	253
Smith, Marge Scholarship	570
Stark Comm. Foundation Scholarship	(501)
Student Scholarship	5,086
Students of Promise Scholarship	4,200
Walter, Jeffery Scholarship	276
West Scholarship	433
Westerbeck, John Scholarship	102
Wilkof E & M Scholarship	1,888
Wilkof, E & R Scholarship	378
Wilkof, R & R Scholarship	271
Wilkof, Pizzino & Dyer Scholarship	3,000
Youngs Scholarship	<u>651</u>
Total Scholarships & Loans for Students	183,090

Professional Development:

Faculty & Staff Professional Development	3,162
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Departmental Equipment and Supplies:

Oil & Gas Lab	201,518
Paramedic/RN Lab Equipment	<u>3,121</u>
Total Departmental Equipment and Supplies	204,639

Aesthetics:

Pathway to the Future	139
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Public Service:

DOL American Apprentice Fund	<u>26,130</u>
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Total Net Assets Released from Donor Restriction \$ 417,160

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 8. PERMANENTLY RESTRICTED NET ASSETS

#### Scholarships & Loans for Students:

Abel, Larry Scholarship	\$	11,325
Akron Children's Hospital Scholarship		50,000
Albert, Leon & Helene Scholarship		18,359
Allied Dental Health Professionals Scholarship		7,468
Alumni Class Scholarship		93,707
APC Title III Grant		70,000
Aultman Hospital Scholarship		30,250
Automotive Department Scholarship		15,114
Bobbitt, Robert T. and Hortense Scholarship		10,495
Bolgrin, Harrison Scholarship		6,232
Bridgestone/Firestone Automotive Scholarship		12,550
Cain, Alice PTA Scholarship		6,030
Cain, Edward and Henry Automotive Scholarship		242,000
Canton APICS Scholarship		20,755
Career Development Scholarship		7,783
Chiappini, Thomas & Deborah Scholarship		4,980
Colaner, David & Pauline Scholarship		10,005
College Store Scholarship		4,998
Dean Brown Memorial Scholarship		4,004
DeHoff Family Scholarship		5,000
Deuble Foundation Scholarship		102,500
Diamond, J. Edward & Janet Scholarship		10,000
Diebold Foundation Scholarship		100,000
Disability Support Services Scholarship		9,008
Diversity Scholarship		62,576
Dominion East Ohio Gas Company Scholarship		10,000
Droney Scholarship		4,888
Dyer, Dan & Sara Scholarship		5,000
Efremoff, Tony & Sally Scholarship		860
Engineering Memorial Scholarship		22,932
Faculty Association Scholarship		30,081
Feaser, Paul & Susan Scholarship		11,153
Fisher, Janet C. Scholarship		36,078
Flowers, Albert & Edith Scholarship		36,500
Fortisure Foundation Scholarship		1,000,000
Gregory, Steve & Lisa Scholarship		1,000
Hallier, Robert & Celine Scholarship		6,602
Hamilton, Lynn Scholarship		5,500
Hatton, Katy Scholarship		5,325
Haverlock, William & Martha Scholarship		10,742
Hays, Sharon B. Scholarship		8,160
Hinderer, Robert & Gladys Scholarship		10,000
Hoover Foundation Scholarship		100,000
Hoover, Herbert Scholarship		100,000

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 8. PERMANENTLY RESTRICTED NET ASSETS

#### Scholarships & Loans for Students (continued):

Huston, Doris Scholarship	11,565
Jivens, John & Carol Scholarship	5,045
Jones, Para Scholarship	30,584
Kallis, Mel Scholarship	24,538
Kimble Foundation Scholarship	70,000
Kismet Foundation Scholarship	42,000
Krugliak, Samuel Scholarship	12,500
Labowitz, Rebecca Scholarship	829
Lally Eberhart Scholarship	5,100
Lavery, William Scholarship	5,500
Lemon, George W. Scholarship	11,800
Loew Family Scholarship	7,967
Longo Sports Medicine Scholarship	1,300
Luntz, William & Sharon Scholarship	24,801
Maloney, Dr. James & Sally Scholarship	12,183
Management & Marketing Scholarship	4,420
Mann, Roger & Kathleen Veterans Scholarship	5,000
Martin II, Donnie Memorial Scholarship	1,217
McGrath, John Presidential Scholarship	81,957
McIntosh, Walter & Bess Scholarship	5,100
Miller, Ron Scholarship	5,000
Miller, Timothy Scholarship	29,664
Morford, Betty Scholarship	12,832
Moyer, Art Endowment Scholarship	4,121
Myers, Selena Barberton Scholarship	4,980
Nursing & Respiratory Scholarship	779
Oil & Gas Scholarship	5,071
Picone, Joan M. Scholarship	5,454
R.C. Miller Scholarship	50,000
Rank, Ada & Helen Scholarship	50,000
Remark, Christopher & Stacey Nursing Scholarship	4,858
Robbins, Anna M. Memorial Scholarship	1,233
Sabe, Ahmed Scholarship	22,000
Saums, Ned Scholarship	12,966
SCADA Automotive Scholarship	75,000
Schiltz, William and Barbara Scholarship	100,837
Science Division Scholarship	10,423
Shankle, Laurie Scholarship	5,000
Shannon, Mary & Joseph Scholarship	8,000
Shreve, Zak & Ben Scholarship	5,525
Silk, Fred F. Scholarship	315,000
Smerglia, Larry Scholarship	8,500
Smith, Fred Criminal Justice Scholarship	6,320
Smith, Marge Scholarship	24,668

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2015

### 8. PERMANENTLY RESTRICTED NET ASSETS

#### Scholarships & Loans for Students (continued):

SSC Trustees Scholarship	20,082
Sterner, Jayne Scholarship	7,499
Stevens, Eddie & Madeline Scholarship	10,400
Stokes, Marie Scholarship	9,930
Student Scholarship	134,909
Students of Promise Scholarship	103,369
Student Services Scholarship	2,381
Veteran's Scholarship	9,736
Wackerly, Patricia & Gene DeChellis Scholarship	4,950
Walters, Jeffrey & Brenda Scholarship	11,574
West, Charles H. and Virginia C. Scholarship	10,317
Westerbeck, John Scholarship	5,000
Wilkof, Edward & Ruth Scholarship	89,600
Wilkof, Ervin & Marie Scholarship	35,000
Wilkof, Ronald & Ruthanne Scholarship	26,170
Williams, Charles Scholarship	4,850
Young, Dale A. and Marguerite M. Scholarship	65,089
Total Scholarships for Students	<u>4,002,453</u>

#### Professional Development:

Faculty and Staff Professional Development	114,647
Powers, Mary Professional Development	9,993
Total Professional Development	<u>124,640</u>

#### Departmental Equipment and Supplies:

Instructional Resources	<u>20,123</u>
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Total Permanently Restricted Net Assets \$ 4,147,216

### 9. 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 accounts for income taxes in accordance with the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Foundation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of June 30, 2015, the Foundation has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

The Foundation files its Form 990 in the U.S. federal jurisdiction and an online charitable registration with the office of the state's attorney general for the State of Ohio.

## **STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2015

### **10. RELATED ORGANIZATIONS**

A significant portion of the general and administrative expenses of the Foundation, including salaries, are paid directly by the College and are therefore not reflected as operating expenses of the Foundation. The Foundation contributes funds to the College for scholarships, instructional equipment, supplies and buildings.

During the year ended June 30, 2015, the Foundation contributed \$417,160 to the College for scholarships, instructional equipment and supplies and buildings.

At June 30, 2015, the Foundation is investing \$267,602 on behalf of the College, which is reflected as "investments held for others" on the accompanying statement of financial position.

At June 30, 2015, the College is investing \$214,880 on behalf of the Foundation.

At June 30, 2015, the Foundation has a payable to the College for \$49,440 for the use of software purchased by the College.

**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Stark State College Foundation

We have audited, in accordance with the 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, the financial statements of the Stark State College Foundation (the “Foundation”) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Stark State College Foundation

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
January 29, 2016

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# Dave Yost • Auditor of State

**STARK STATE TECHNICAL COLLEGE FOUNDATION**

**FRANKLIN 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 16, 2016**