

Terra College Foundation



Financial Statements

June 30, 2018



Dave Yost • Auditor of State

Board of Trustees
Terra Community College Foundation
2830 Napoleon Rd.
Fremont, Ohio 43420-9670

We have reviewed the *Independent Auditor's Report* of the Terra Community College Foundation, Sandusky County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2017 through June 30, 2018. 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 Terra Community 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

November 8, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Terra College Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Terra College Foundation (the Foundation), (a nonprofit organization), a component unit of Terra State Community College, which comprise the statement of financial position as of June 30, 2018, 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 *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 entity'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 entity'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.

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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Terra College Foundation as of June 30, 2017, and for the year then ended were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated October 13, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 15, 2018

Terra College Foundation
Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash & cash equivalents	\$ 256,083	\$ 122,112
Contributions Receivable	1,100	18,524
Other receivables	69,434	69,934
Investments	5,431,795	5,390,256
Other Assets	385	5,002
	5,758,797	5,605,828
Liabilities		
Accounts payable	69,499	-
	69,499	-
Net assets		
Unrestricted	354,366	318,470
Temporarily restricted	2,569,456	2,596,061
Permanently restricted	2,765,476	2,691,297
	\$ 5,689,298	\$ 5,605,828

See accompanying notes to the financial statements.

Terra College Foundation
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 14,007	\$ 172,473	\$ 74,179	\$ 260,659
Contributed services and supplies	175,263	-	-	175,263
Investment return	138,292	194,945	-	333,237
Net assets released from restrictions	<u>394,023</u>	<u>(394,023)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	721,585	(26,605)	74,179	769,159
Expenses				
Program services				
Scholarships and loans	160,747	-	-	160,747
Instructional equipment	124,911	-	-	124,911
Other	89,712	-	-	89,712
Supporting Services				
Management and general	207,728	-	-	207,728
Fund raising	<u>102,591</u>	<u>-</u>	<u>-</u>	<u>102,591</u>
Total expenses	<u>685,689</u>	<u>-</u>	<u>-</u>	<u>685,689</u>
Change in net assets	35,896	(26,605)	74,179	83,470
Net assets				
Net assets- beginning of year, restated	<u>318,470</u>	<u>2,596,061</u>	<u>2,691,297</u>	<u>5,605,828</u>
Net assets- end of year	<u>\$ 354,366</u>	<u>\$ 2,569,456</u>	<u>\$ 2,765,476</u>	<u>\$ 5,689,298</u>

See accompanying notes to the financial statements.

Terra College Foundation
Statement of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 7,153	\$ 146,228	\$ 276,979	\$ 430,360
Contributed services and supplies	127,394	-	-	127,394
Investment return	61,960	560,475	-	622,435
Net assets released from restrictions	<u>318,637</u>	<u>(318,637)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	515,144	388,066	276,979	1,180,189
Expenses				
Program services				
Scholarships and loans	74,025	-	-	74,025
Instructional equipment	181,811	-	-	181,811
Other	49,515	-	-	49,515
Supporting Services				
Management and general	171,214	-	-	171,214
Fund raising	<u>75,529</u>	<u>-</u>	<u>-</u>	<u>75,529</u>
Total expenses	<u>552,094</u>	<u>-</u>	<u>-</u>	<u>552,094</u>
Change in net assets	(36,950)	388,066	276,979	628,095
Net assets				
Net assets- beginning of year, restated	<u>355,420</u>	<u>2,207,995</u>	<u>2,414,318</u>	<u>4,977,733</u>
Net assets- end of year	<u>\$ 318,470</u>	<u>\$ 2,596,061</u>	<u>\$ 2,691,297</u>	<u>\$ 5,605,828</u>

See accompanying notes to the financial statements.

Terra College Foundation
Statements of Cash Flows
For The Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 83,470	\$ 628,095
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain)/loss on investments	36,722	(296,281)
Contributions restricted for long-term purposes	(74,179)	(276,642)
(Increase)/Decrease in contributions receivable	17,424	20,578
(Increase)/Decrease in accounts receivable	500	(2,450)
(Increase)/Decrease in other assets	4,617	0
Increase/(Decrease) in accounts payable	69,499	(16,476)
Net Cash Provided (Used) by Operating Activities	138,053	56,824
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of long-term investments	300,000	0
Purchase of long-term investments	(378,260)	(322,700)
Net Cash Provided (Used) by Investing Activities	(78,260)	(322,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from contributions restricted for long-term purposes	74,179	276,642
Net Cash Provided (Used) by Financing Activities	74,179	276,642
Net Increase (Decrease) in Cash and Cash Equivalents	133,972	10,766
Cash and Cash Equivalents, Beginning of the Year	122,111	111,345
Cash and Cash Equivalents, End of Year	\$ 256,083	\$ 122,111

See the accompanying notes to the financial statements.

TERRA COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization: Terra College Foundation (the Foundation) is an Ohio not-for-profit corporation and is a component unit of Terra Community College. The Foundation operates exclusively for the benefit of Terra Community College.

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions: Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted support, while contributions without donor-imposed restrictions are reported as unrestricted support.

Donated Services and Facilities: The Foundation has no employees. Substantially all clerical, management and fund raising duties are presently performed by employees of Terra State Community College, utilizing equipment and facilities of Terra State Community College. The value of services provided, in the amount of \$175,263 and \$127,394 for the years ended June 30, 2018 and 2017 has been recognized in the statement of activities as required by SFAS No. 116.

Investments: Investments are valued at fair value, which is generally determined by use of published market quotations. Realized gains or losses from sale or redemption of investments are based on the cost of the specific investment sold or redeemed. Purchases and sales of investments are reflected on a trade-date basis.

Income Tax Status: The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk: The Federal Deposit Insurance Corporation insures financial institution depositors up to \$250,000. The Foundation maintains deposits exceeding \$250,000 in a financial institution.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation.

TERRA COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2018 and 2017

NOTE 2 - NET ASSETS

Unrestricted net assets represent funds that can be used by the Foundation for any purpose authorized by the Foundation's Board of Trustees.

Temporarily restricted net assets are contributions and investment earnings that have been designated by the donor for a specific purpose, but have not yet been spent. At June 30, 2018 and 2017, temporarily restricted net assets were designated for scholarships and support of College programs.

Permanently restricted net assets are restricted to investment in perpetuity as endowment funds. The endowment funds represent contributions for which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the investment income (or portions thereof) of the funds is expended as the donor has specified, principally for scholarships and support of College programs.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose, collecting payment on unconditional promises to give or by occurrence of other events specified by donors. Release of restrictions represents primarily amounts for capital purchases and other operational items and scholarships.

NOTE 3 - INVESTMENTS

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.

TERRA COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2018 and 2017

NOTE 3 – INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2018 are summarized as follows:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observ- able Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 260,479	\$-0-	\$-0-
Debt Securities	1,415,191	-0-	-0-
Equity Securities	<u>3,756,125</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 5,431,795</u>	<u>\$-0-</u>	<u>\$-0-</u>

The fair value of investments held by the Foundation at June 30, 2017 are summarized as follows:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observ- able Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 205,416	\$-0-	\$-0-
Debt Securities	1,404,113	-0-	-0-
Equity Securities	<u>3,780,727</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 5,390,256</u>	<u>\$-0-</u>	<u>\$-0-</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2018 and 2017 are promises to give from various donors that are unconditional and are summarized as follows:

	<u>2018</u>	<u>2017</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,100	\$ 10,333
One year to five years	0	8,828
Over five years	<u>0</u>	<u>0</u>
	1,100	19,161
Less:		
Unamortized discount and allowance		
for doubtful pledges	<u>0</u>	<u>637</u>
	<u>\$ 1,100</u>	<u>\$ 18,524</u>

NOTE 5 - SUPPORT TO TERRA COMMUNITY COLLEGE

During the years ended June 30, 2018 and 2017, the Foundation made contributions of approximately \$375,370 and \$305,351 to or on behalf of the College for both restricted and unrestricted purposes.

TERRA COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2018 and 2017

NOTE 6 – Restatement of Net Assets

The college restated its net assets as of June 30, 2017 to correct the recording of the Net Present Value of Receivables as Permanently Restricted while following year adjustments were recorded as Temporarily Restricted and Unrestricted. The following table shows the effect on net assets:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>
Net Assets at June 30, 2017	\$ 314,965	\$ 2,547,380	\$ 2,743,483
Adjustments	<u>3,505</u>	<u>48,681</u>	<u>(52,186)</u>
Restated Net Assets at June 30, 2017	<u>\$ 318,470</u>	<u>\$ 2,596,061</u>	<u>\$ 2,691,297</u>

Terra College Foundation



Yellow Book Report

June 30, 2018

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**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***

Board of Trustees
Terra 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 Terra College Foundation (the Foundation), (a nonprofit organization), a component unit of Terra State Community College, which comprise the statement of financial position as of June 30, 2018, 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 October 15, 2018.

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 entity'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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 15, 2018



Dave Yost • Auditor of State

TERRA COMMUNITY COLLEGE FOUNDATION

SANDUSKY 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
NOVEMBER 20, 2018**