

# Columbus State Community College Development Foundation, Inc.

*Regular Audit  
Franklin County*

As of and for the Years Ended  
June 30, 2023 and 2022



Rea & associates

[www.reacpa.com](http://www.reacpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Columbus State Community College Development Foundation, Inc.  
550 E. Spring Street  
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Columbus State Community College Development Foundation, Inc., Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. 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 Columbus State Community College Development Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 12, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Columbus State Community College Development Foundation, Inc.  
Columbus, Ohio

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Columbus State Community College Development Foundation, Inc. (the Foundation), a component unit of Columbus State Community College, which comprise the statements of financial position as of June 30, 2023 and 2022; the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 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.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
September 29, 2023



COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND 2022

	<u>ASSETS</u>	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 8,930,708	\$ 6,701,470
Current portion of pledges receivable, net	28,564,642	3,845,425
Investments	13,779,662	14,665,626
Total current assets	<u>51,275,012</u>	<u>25,212,521</u>
PLEDGES RECEIVABLE, net of current portion	2,009,726	3,366,070
PROPERTY AND EQUIPMENT	377,123	377,123
Total assets	<u>\$ 53,661,861</u>	<u>\$ 28,955,714</u>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:		
Accounts payable - trade	\$ 595,322	\$ 14,528
Accounts payable - affiliate	1,245,367	2,023,665
Deferred revenue	129,536	-
Total liabilities	<u>1,970,225</u>	<u>2,038,193</u>
NET ASSETS:		
Without donor restrictions	5,919,729	4,674,782
With donor restrictions	45,771,907	22,242,739
Total net assets	<u>51,691,636</u>	<u>26,917,521</u>
Total liabilities and net assets	<u>\$ 53,661,861</u>	<u>\$ 28,955,714</u>

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

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND SUPPORT:</b>			
Contributions	\$ 1,336,759	\$ 30,135,434	\$ 31,472,193
Nonfinancial contributions	886,053	-	886,053
Investment income:			
Dividends, interest and net realized gain	61,027	120,072	181,099
Net unrealized gain	125,254	512,229	637,483
Administrative fee income	61,403	-	61,403
Net assets released from restrictions	7,238,567	(7,238,567)	-
Total revenues, gains, and support	9,709,063	23,529,168	33,238,231
<b>EXPENSES:</b>			
Program services	8,148,876	-	8,148,876
Management and general	247,768	-	247,768
Fundraising	67,472	-	67,472
Total expenses	8,464,116	-	8,464,116
Changes in net assets	1,244,947	23,529,168	24,774,115
<b>TRANSFER OF EARNINGS</b>	-	-	-
<b>NET ASSETS, beginning of the year</b>	4,674,782	22,242,739	26,917,521
<b>NET ASSETS, end of the year</b>	\$ 5,919,729	\$ 45,771,907	\$ 51,691,636

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

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND SUPPORT:</b>			
Contributions	\$ 371,387	\$ 5,623,977	\$ 5,995,364
Nonfinancial contributions	586,843	-	586,843
Investment income:			
Dividends, interest and net realized gain	390,185	892,329	1,282,514
Net unrealized loss	(760,395)	(1,961,410)	(2,721,805)
Administrative fee income	65,938	-	65,938
Net assets released from restrictions	4,744,088	(4,744,088)	-
Total revenues, gains, and support	5,398,046	(189,192)	5,208,854
<b>EXPENSES:</b>			
Program services	5,288,030	-	5,288,030
Management and general	287,242	-	287,242
Fundraising	44,954	-	44,954
Total expenses	5,620,226	-	5,620,226
Changes in net assets	(222,180)	(189,192)	(411,372)
TRANSFER OF EARNINGS	(1,260)	1,260	-
NET ASSETS, beginning of the year	4,898,222	22,430,671	27,328,893
NET ASSETS, end of the year	\$ 4,674,782	\$ 22,242,739	\$ 26,917,521

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

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Total Expenses
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FUNCTIONAL EXPENSES:				
Personnel costs	\$ -	\$ 32,632	\$ 21,754	\$ 54,386
Outreach and cultivation	84,260	-	45,718	129,978
Professional services	-	142,934	-	142,934
Miscellaneous other	-	72,202	-	72,202
Functional expenses, subtotal	<u>84,260</u>	<u>247,768</u>	<u>67,472</u>	<u>399,500</u>
Awards and grants	6,248,459	-	-	6,248,459
Scholarships and student support	1,816,157	-	-	1,816,157
Total functional expenses	<u>\$ 8,148,876</u>	<u>\$ 247,768</u>	<u>\$ 67,472</u>	<u>\$ 8,464,116</u>

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

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FUNCTIONAL EXPENSES:				
Outreach and cultivation	\$ 23,164	\$ -	\$ 44,954	\$ 68,118
Professional services	-	237,350	-	237,350
Miscellaneous other	-	49,892	-	49,892
Functional expenses, subtotal	<u>23,164</u>	<u>287,242</u>	<u>44,954</u>	<u>355,360</u>
Awards and grants	4,995,457	-	-	4,995,457
Scholarships and student support	269,409	-	-	269,409
Total functional expenses	<u>\$ 5,288,030</u>	<u>\$ 287,242</u>	<u>\$ 44,954</u>	<u>\$ 5,620,226</u>

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

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 24,774,115	\$ (411,372)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(637,483)	2,721,805
Contributions received for long-term assets	(1,034,250)	(1,213,492)
(Increase) decrease in operating assets:		
Pledges receivable	(23,362,873)	(244,375)
Increase (decrease) in operating liabilities:		
Accounts payable - trade	580,794	(35,951)
Accounts payable - affiliate	(778,298)	1,297,736
Deferred revenue	129,536	-
Total adjustments	(25,102,574)	2,525,723
Net cash (used in) provided by operating activities	(328,459)	2,114,351
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net sales (purchases) of investments	1,523,447	(796,754)
Net cash provided by (used in) investing activities	1,523,447	(796,754)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions received for long-term assets	1,034,250	1,213,492
Net cash provided by financing activities	1,034,250	1,213,492
Net increase in cash and cash equivalents	2,229,238	2,531,089
CASH AND CASH EQUIVALENTS, beginning of the year	6,701,470	4,170,381
CASH AND CASH EQUIVALENTS, end of the year	\$ 8,930,708	\$ 6,701,470

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

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Columbus State Community College Development Foundation, Inc. (the Foundation) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Purpose

Columbus State Community College Development Foundation, Inc. is an Ohio not-for-profit corporation formed in 1982. It is considered to be a component unit of Columbus State Community College (the College). The Foundation is organized and operated exclusively to generate, receive, hold, invest, manage and allocate funds and property for the advancement, achievement, and support of the educational programs of the College, the beneficiaries being its students and community. The College provides administrative services on behalf of the Foundation.

Affiliates

Affiliates exist when an entity has the ability to directly or indirectly control another enterprise. Control includes the direct or indirect power to direct or cause the direction of the management and policies of a specified party, whether through ownership, by contract, or otherwise.

Use of Management Estimates

The preparation of financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

Net Assets and Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities and changes in net assets as net assets released from restrictions.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support Recognition

The Foundation's revenue and support recognition policies are as follows:

Contributions

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

In-Kind Contributions and Services Received

Contributions of supplies and professional services are recognized at fair value if these contributions received create or enhance non-financial assets, and would typically need to be purchased if not provided through contributions. The estimated fair value of supplies is based on estimates of wholesale values that would be received for selling similar products. Contributed services are valued and are reported at the estimated fair value based on current rates for similar services. Supplies and professional services received in-kind for the years ended June 30, 2023 and 2022 were \$15,829 and \$4,950, respectively.

In addition, the Foundation hosts an annual event that recognizes donors as well as raises funds for scholarships and special projects called "Taste the Future" in which vendors prepare various gourmet foods. No amounts have been included in the financial statements to value the in-kind donation of time and food items for this event.

Services Received from Personnel of an Affiliate

The Foundation records as in-kind revenue and expense, the amount of services provided by personnel of an affiliate for which the Foundation is not charged. This amount is determined by the fair value of that service which is based on current rates for similar services.

The College provides an annual budget for personnel and general operating expenses of the Foundation, as well as the facilities occupied by the Foundation. The College also assists the Foundation in fundraising, gift processing and accounting. The value of this operating budget, office space, and services provided constitutes in-kind revenue that the Foundation records in the statements of activities and changes in net assets as in-kind revenue and expense. The fair value of these activities are based on several matters. One of the largest matters relates to services rendered by personnel, and fair value is based on current rates for similar services. These operating costs provided by the College were estimated to be \$870,224 and \$581,893 for the years ended June 30, 2023 and 2022, respectively.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all demand bank deposits as cash. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at its 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 using a risk-free interest rate determined at the time of the pledge. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue and support when received.



COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are all available for sale. Equity securities have readily determinable fair values and all investments in debt securities are reported at fair value within the statements of financial position. Donated investments are recorded at fair value at the time of donation. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments includes the Foundation's gains and losses on investments bought and sold as well as held during the year. Overall, investment income is reported within the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations.

Fair Value of Financial Instruments

The carrying values of the Foundation's financial instruments in the statements of financial position approximate their respective estimated fair value as of June 30, 2023 and 2022. The Foundation estimates fair values of its financial instruments using available quoted market information in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Different market assumptions might have a material effect on the estimated fair value amounts.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the underlying assets. Maintenance and repair costs are expensed when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements of activities and changes in net assets. The Foundation's property and equipment as of June 30, 2023 and 2022 is substantially all land and no provision for depreciation was recorded for the years ended June 30, 2023 and 2022.

Donor Restricted Endowment Funds

The provisions of FASB ASC 958-205-45 provides guidance on classifying the net assets associated with donor restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Additional disclosures about endowments for both donor-restricted funds and board designated funds for all organizations, including those that are not yet subject to an enacted version of UPMIFA, are required to enable users to understand its endowment funds' net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include outreach and cultivation, which are allocated based on specific costs per event.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, certain unrelated business activities may be subject to federal income taxes. The Foundation had no unrelated business activities and therefore, no provision for such taxes was necessary for the years ended June 30, 2023 and 2022.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Generally accepted accounting principles require the Foundation to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Adoption of New Accounting Standard

In February 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-02, Leases (Topic 842), which specifies the accounting for leases. The objective is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. This ASU introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The guidance was effective for annual reporting periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. The adoption of the guidance did not have a material impact on the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through September 29, 2023, the date on which the financial statements were available to be issued. Management determined that there were no subsequent events requiring disclosure or recognition.

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk – Cash Deposits

The Foundation maintains its cash and cash equivalents balances in a financial institution located in central Ohio. Deposits in interest-bearing and non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a coverage limit of \$250,000. Uninsured cash funds held by the institution are subject to a collateral agreement covering all public funds held by the institution. As of June 30, 2023 and 2022, the Foundation had balances of \$6,443,478 and \$5,811,262, respectively, at these institutions. The difference between bank balance and carry balance represents normal reconciling items.

Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of pledges receivable and investments. Exposure to losses on pledges receivable is dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses including each donor's compliance with terms of the pledge and determines allowances, if any, for anticipated losses.

Concentration of Credit Risk – Accounts Receivable and Revenue

Pledge receivable from one donor represents 82% and 0% of the outstanding pledge receivable balance as of June 30, 2023 and 2022, respectively. This same pledge represents 79% and 0% of the pledge contribution balance as of June 30, 2023 and 2022, respectively.

Market Risk – Investments

The financial statements include investments in debt and equity securities. The underlying investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the inherent level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS

Investments

The following summarizes the fair value of investments held as of June 30:

	<u>2023</u>	<u>2022</u>
Equity mutual funds	\$ 285,644	\$ 259,557
Common stock	5,632,493	5,781,977
Fixed income and corporate bonds	7,861,525	8,624,092
Total	<u>\$ 13,779,662</u>	<u>\$ 14,665,626</u>

Fair Value Measurements

As defined in FASB ASC 820, fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs 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. There are no level 3 fair value measurements as of June 30, 2023 and 2022.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used as of June 30, 2023 and June 30, 2022.

*Equity mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

*Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Fixed income and corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS (CONTINUED)

Assets Measured on a Recurring Basis: Assets and liabilities measured at fair value on a recurring basis are summarized below as of June 30:

	Fair Value Measurements As of June 30, 2023 Using		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	\$ 285,644	\$ -	\$ -
Common stock	5,632,493	-	-
Fixed income and corporate bonds	-	7,861,525	-
Total	<u>\$ 5,918,137</u>	<u>\$ 7,861,525</u>	<u>\$ -</u>

  

	Fair Value Measurements As of June 30, 2022 Using		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	\$ 259,557	\$ -	\$ -
Common stock	5,781,977	-	-
Fixed income and corporate bonds	-	8,624,092	-
Total	<u>\$ 6,041,534</u>	<u>\$ 8,624,092</u>	<u>\$ -</u>

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2023 and 2022, there were no transfers between levels of the fair value hierarchy.

NOTE 4: ENDOWMENT COMPOSITION

The Foundation's endowments are made up of board and donor-restricted endowment funds. As required by applicable standards, all net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 52,232	\$ 11,048,096	\$ 11,100,328
Investment income, net	-	219,072	219,072
Net appreciation (realized and unrealized gains/losses)	67,526	345,703	413,229
Contributions	-	25,594,095	25,594,095
Reclassification for UPMIFA	-	-	-
Appropriation of endowment assets for expenditure	(10,773)	(176,717)	(187,490)
Net assets, end of year	<u>\$ 108,985</u>	<u>\$ 37,030,249</u>	<u>\$ 37,139,234</u>

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: ENDOWMENT COMPOSITION (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 65,744	\$ 11,278,510	\$ 11,344,254
Investment income, net	-	167,755	167,755
Net appreciation (realized and unrealized gains/losses)	-	(1,236,837)	(1,236,837)
Contributions	-	1,033,130	1,033,130
Reclassification for UPMIFA	(13,512)	13,512	-
Appropriation of endowment assets for expenditure	-	(207,974)	(207,974)
Net assets, end of year	<u>\$ 52,232</u>	<u>\$ 11,048,096</u>	<u>\$ 11,100,328</u>

Interpretation of UPMIFA: The Foundation has interpreted the State of Ohio's 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 purpose 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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds. Under this policy, the endowment assets are invested in a manner that is intended to maximize the total rate of return on investment within prudent parameters of risk of this type and in keeping with liquidity requirements as they relate to life income gifts.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop significant sources of revenue for the Foundation. In so doing, the Endowment Fund will provide a secure, long-term source of funds to enhance the ability of the Foundation to meet ongoing and changing needs in both the short and long-term.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: ENDOWMENT COMPOSITION (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

To assist in achieving these objectives, the Foundation has established a Spending Policy that provides the criteria for annual distributions from the Endowment Fund. The Columbus State Community College Development Foundation, Inc. Board of Directors will determine annually the amount of funds that will be distributed out of the Endowment Income Funds. Distributions may range from a minimum of 0% to a maximum of 4% of the total of the permanently restricted account balance. Within these parameters, the Board of Directors may also elect to make no distribution in any given year. The capital or principal amount of any endowed fund shall remain in perpetuity.

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 restricted amounts are reported in net assets without donor restrictions. There were no such amounts as of June 30, 2023 and 2022. These types of deficiencies typically result from unfavorable market fluctuations. Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations.

NOTE 5: PLEDGES RECEIVABLE

Amounts included in pledges receivable for unconditional promises to give consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Annual pledges	\$ 31,033,492	\$ 7,674,425
Allowance for uncollectible pledges	-	-
Discount – multi-year pledges	(459,124)	(462,930)
Total	<u>\$ 30,574,368</u>	<u>\$ 7,211,495</u>

As of June 30, 2023 amounts due to be received in:

	<u>Gross</u>	<u>Allowance/ Discounts</u>	<u>Net</u>
Less than one year	\$ 28,564,642	\$ -	\$ 28,564,642
One to five years	2,468,850	(459,124)	2,009,726
Total	<u>\$ 31,033,492</u>	<u>\$ (459,124)</u>	<u>\$ 30,574,368</u>

As of June 30, 2022 amounts due to be received in:

	<u>Gross</u>	<u>Allowance/ Discounts</u>	<u>Net</u>
Less than one year	\$ 3,845,425	\$ -	\$ 3,845,425
One to five years	3,829,000	(462,930)	3,366,070
Total	<u>\$ 7,674,425</u>	<u>\$ (462,930)</u>	<u>\$ 7,211,495</u>

As of June 30, 2023 and 2022, management believes the outstanding pledge receivable to be collectible, resulting in no allowance for uncollectible pledges. Due to uncertainties about future events, management's estimate of uncollectible promises to give may subsequently change, although the amount of such a change cannot be determined. Discounts applied to promises to give total were \$459,124 and \$462,930 as of June 30, 2023 and 2022, respectively.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 are summarized for the following programs:

	2023	2022
Specific Support of College Programs	\$ 4,662,453	\$ 4,308,370
Equipment	195,514	195,514
Lecture Series	26,643	26,643
Special Projects	6,106,913	6,977,174
Specific Support of Administration	25,520,807	548,064
Scholarships	9,259,577	10,186,974
Total	<u>\$ 45,771,907</u>	<u>\$ 22,242,739</u>

NOTE 7: LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Foundation's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of June 30, 2023 because of contractual or donor-imposed restrictions or internal designations. The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	2023	2022
Cash and cash equivalents	\$ 8,930,708	\$ 6,701,470
Pledges receivable, net	28,564,643	3,845,425
Investments	13,779,662	14,665,626
Financial assets, at year-end	51,275,013	25,212,521
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor-restricted contributions (excludes time restrictions)	(43,762,181)	(18,876,669)
	<u>(43,762,181)</u>	<u>(18,876,669)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,512,832</u>	<u>\$ 6,335,852</u>

Liquidity Policy

As part of the Foundation's liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8: TRANSACTIONS WITH AFFILIATES

As described in Note 1, the College provides administrative services on behalf of the Foundation at no charge. The Foundation provides contributions to support the College's programs. Contributions to the College were \$5,309,844 and \$4,353,627 for the years ended June 30, 2023 and 2022, respectively. Contributions due to the College in the amount of \$1,245,367 and \$2,023,665 had yet to be paid and were included in the Foundation's accounts payable on the statements of financial position as of June 30, 2023 and 2022, respectively.

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  
Columbus State Community College Development Foundation, Inc.  
Columbus, Ohio

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 (*Government Auditing Standards*), the financial statements of the Columbus State Community College Development Foundation, Inc. (the Foundation), a component unit of the Columbus State Community College, which comprise the statement of financial position as of June 30, 2023; and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2023.

#### **Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

#### **Report on 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 financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
September 29, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 10/24/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)