

North Central State College Foundation

RICHLAND COUNTY



REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the North Central State College Foundation, Inc., Richland County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The North Central State College Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 02, 2021

This page intentionally left blank.

**NORTH CENTRAL STATE COLLEGE FOUNDATION
RICHLAND COUNTY
FOR THE YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
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 <i>Government Auditing Standards</i>	18

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central State College Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the North Central State College Foundation, Inc. (the Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2021, 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, 2021, 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 November 24, 2021, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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

November 24, 2021

North Central State College Foundation, Inc.
Statement of Financial Position
As of June 30, 2021

ASSETS

Cash and cash equivalents	\$776,603
Investments	6,601,905
Interest in Assets held by Richland County Foundation	350,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	3,267
Emergency Loan Receivable	488
Capital Assets, Net	<u>2,007</u>
 Total Assets	 <u><u>\$7,734,270</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	<u>46,338</u>
 Total Liabilities	 <u>46,338</u>
 Net Assets:	
Without Donor Restrictions	854,224
With Donor Restrictions	6,483,708
With Donor Restrictions-Assets held by Richland County Foundation	<u>350,000</u>
 Total With Donor Restrictions	 6,833,708
 Total Net Assets	 <u>7,687,932</u>
 Total Liabilities and Net Assets	 <u><u>\$7,734,270</u></u>

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

North Central State College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</u>			
Contributions, net of future values and bad debts	\$96,982	\$437,619	\$534,601
Investment income, including realized and unrealized gains and losses, net	498,247	985,284	\$1,483,531
Fundraising Revenue	78,180	0	\$78,180
Other Revenue	98,772	0	\$98,772
Net assets released from restrictions	344,376	(344,376)	\$0
	<u>1,116,557</u>	<u>1,078,527</u>	<u>2,195,084</u>
<u>EXPENSES</u>			
Program Services:			
Scholarships	344,376	0	344,376
Professional development	138	0	138
Personnel reimbursement	92,359	0	92,359
Supporting Services:			
Management and General	42,263	0	42,263
Fundraising	22,219	0	22,219
	<u>501,355</u>	<u>0</u>	<u>501,355</u>
Changes in Net Assets	615,202	1,078,527	1,693,729
Net Assets, Beginning of Year	<u>239,022</u>	<u>5,755,181</u>	<u>5,994,203</u>
Net Assets, End of Year	<u>\$854,224</u>	<u>\$6,833,708</u>	<u>\$7,687,932</u>

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

North Central State College Foundation, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

Cash Flows from Operating Activities:	
Change in net assets	\$1,693,729
Adjustments to reconcile net assets to net cash used for operating activities:	
Net investment returns	(1,483,531)
Changes in operating assets and liabilities:	
Decrease in contributions receivable	123,873
Decrease in emergency loan receivable	1,395
Decrease in prepaid expenses	11,447
Increase in accounts payable	7,975
Decrease in deferred revenue	(38,580)
Contributions restricted for investment in endowment	<u>437,619</u>
Total adjustments	<u>(939,802)</u>
Net cash provided for operating activities	<u>753,927</u>
Cash flows from investing activities:	
Net (purchase) sales of investments	<u>15,061</u>
Net cash used by investing activities	<u>15,061</u>
Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>(437,619)</u>
Net cash used by financing activities	<u>(437,619)</u>
Net increase in cash and cash equivalents	331,369
Cash and cash equivalents at beginning of year	<u>445,234</u>
Cash and cash equivalents at end of year	<u><u>\$776,603</u></u>

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

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

1. DESCRIPTION OF THE FOUNDATION

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting, under the provisions of FASB Accounting Standards Codification (ASC) No. 958 “Not-for-Profit Entities”. The Foundation is a not-for-profit organization established in accordance with Section 501(c) (3) of the Internal Revenue Code. The Foundation operates under a Board of Trustees who is appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions and Promises to Give

Gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Foundation requires an initial minimum balance of \$10,000 to establish a scholarship fund.

Financial Statement Presentation

The Foundation has adopted the provisions of FASB Accounting Standards Codification (ASC) No. 958 *Not-for-Profit Entities*. Under ASC No. 958 the Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

With Donor Restrictions

Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Foundation reports investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investments are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to net assets without or with donor restrictions.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Service and Facilities

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

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by College personnel have been recognized in the Statement of Revenues, Expenses, and Changes in Net Assets as personnel reimbursement expenses as required by the accrual basis of accounting.

Prepaid Expenses

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

Capital Assets

Capital assets acquired by the Foundation consist of office equipment. All expenditures for capital assets in excess of \$1,000 are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets not to exceed ten years.

Deferred Income

Deferred income results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred income is recognized as revenue in the period that the fundraising activity actually occurs.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

THIS SPACE INTENTIONALLY LEFT BLANK

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

3. INVESTMENTS

The various investments in fixed income securities, mutual funds and other investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the financial statements.

At June 30, 2021, investments consisted of the following:

	Market / Carrying Value	Maturity					
		Less Than One Year	1-2 years	3-5 years	6-7 Years	Various within Fund	No Maturity
Money Market Investments - US Government Obligations	\$ 103,266	\$ 13,886	\$ -	\$ -	\$ -	\$ 20,862	\$ 68,518
Coporate Bonds	\$ 51,396	\$ 25,562	\$ 25,834	\$ -	\$ -	\$ -	\$ -
Mututal Funds - Fixed Income	\$ 1,411,728	\$ -	\$ -	\$ -	\$ -	\$ 1,411,728	\$ -
Mututal Funds - Equity Securities	\$ 2,682,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,682,556
Common Stock	\$ 459,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 459,869
ADR / Foreign Equities	\$ 1,673,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,673,948
Perferred Stock	\$ 143,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,488
ADR / Foreign Preferred REIT	\$ 6,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,413
	\$ 39,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,189
Rights and Warrants	\$ 30,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,052
Marketable LLC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnerships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 6,601,905	\$ 39,448	\$ 25,834	\$ -	\$ -	\$ 1,432,590	\$ 5,104,033

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in ASC No. 820, 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 rise in pricing an asset or liability.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

3. INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2021 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Investments - US Government Obligations	\$ 103,266	\$ -	\$ -
Coporate Bonds	\$ 51,396	\$ -	\$ -
Mututal Funds - Fixed Income	\$ 1,411,728	\$ -	\$ -
Mututal Funds - Equity Securities	\$ 2,682,556	\$ -	\$ -
Common Stock	\$ 459,869	\$ -	\$ -
ADR/ Foreign Equities	\$ 1,673,948	\$ -	\$ -
Perferred Stock	\$ 143,488	\$ -	\$ -
ADR/ Foreign Preferred	\$ 6,413	\$ -	\$ -
REIT	\$ 39,189	\$ -	\$ -
Rights and Warrants	\$ 30,052	\$ -	\$ -
Total	\$ 6,601,905	\$ -	\$ -

4. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The discount rate used for the year ended June 30, 2021 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions of those promises have been met.

Contributions receivable consisted of the following at June 30, 2021:

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

Without Donor Restrictions	1,305
With Donor Restrictions	2,500
Gross Unconditional promises to give	3,805
Less: Unamortized Discount	(157)
Less: Allowance for uncollectible contributions	(381)
Amounts due: Less than one year	3,267

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

Restricted Time/Purpose	\$ 2,283,342
Richland County Foundation	350,000
Donor restricted endowment - Scholarships For Students	<u>4,200,365</u>
Total	<u><u>\$ 6,833,707</u></u>

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

Scholarships for Students	\$186,866
Grants	0
Other	<u>157,510</u>
Total Released Net Assets	<u><u>\$344,376</u></u>

Net assets with donor restrictions are those whose use by the Foundation has been limited by donors to a specific time period or purpose. They are available for the use of providing scholarships to the College's students, providing professional development funds to the College staff and for purchasing equipment for the benefit of the College.

THIS SPACE INTENTIONALLY LEFT BLANK

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The detail of non-endowment donor restrictions are as follows:

Donor Restrictions:	
Avita Health	3,196.00
ADA Ford Educ Aid	14,522.00
Alumni Association	4,922.00
Bennett	8,003.00
Brown Respiratory Care	3,755.00
Advancing Diversity	1,244.00
Crawford County Scholarships	16,440.00
Cardwell Neer	2,818.00
Carter Memorial	13,388.00
Chambers	1,458.00
Cobey	5,911.00
Coleman	8,799.00
Cress	8,625.00
Emerson	35,843.00
Diab	5,262.00
Dewald	28,299.00
Faculty	4,016.00
Forty Et Eight	8,664.00
Galion FOP	4,515.00
Garber	9,468.00
Gimble - Health Chair	403,816.00
G-R Civic	7,235.00
G-R Rupp	20,221.00
Gubkin	3,757.00
Hahn	5,361.00
Haring	9,034.00
Jenko	287,952.00
Hamilton Insurance Group	675.00
McCullum TFS - Health	39,427.00
Kroger	10,765.00
MIMA - Urban Center	5,864.00
Martin Speech	4,777.00
Necessities	78,838.00
Necessities - Crawford	34,930.00
Necessities - Shelby	38,443.00
Necessities - Wayne	17,401.00
Nursing	77,348.00
Title III	48,690.00
Orange and Blue	134,176.00
PTA Fund	14,289.00
Phillips Fund	21,066.00
President Emeritus	7,045.00
Phillips E Troop	10,035.00

North Central State College Foundation, Inc.*Notes to the Financial Statements**For the Fiscal Year Ended June 30, 2021***5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Plotts	3,556.00
Preston	12,779.00
Scheaffer	3,426.00
RMC	10,085.00
Searle - PTA	33,639.00
Searle - RN	35,077.00
Welsh	18,034.00
Tech Prep	5,594.00
Solt	5,686.00
Vetter	4,059.00
Wappner Funeral	1,295.00
YES Entrepreneur	12,959.00
ADA Ford Summer Access	2.00
ADA Ford Short Term Certificates	28,671.00
Ambassador	9.00
Scholarships (General)	32,698.00
Gimbel Scholarship	25,602.00
Gorman Fund	54,166.00
Mansfield University	5,780.00
Peoples Savings & Loan	1,000.00
Tuition Freedom	176,519.00
Tuition Freedom - Crawford	2,100.00
Radiology Merit Scholarship	91.00
Certificate Program	10,500.00
CDC Small Steps	3,513.00
NCSC Student Need Fund	26,306.00
Student Need Fund	6,116.00
Crawford Student Need Fund	840.00
Innovation Fund	302.00
OJA Conference/Scholarships	3,222.00
Response Fund	9,535.00
Double Dollars Campaign	18,810.00
Equipment	139,060.00
CC Project Fund	13,808.00
College Project Fund	14,348.00
Women's Leadership	808.00
Restricted Projects	15,358.00
Urban Center Fund	59,307.00
Temporarily Restricted Other	18,389.00
	<u>2,283,342.00</u>

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Donor-Restricted Endowment Fund

The Foundation's endowment fund was established to support scholarships for students. The original contributions to the endowment fund are donor restrictions that stipulate the original principal is to be held and invested by the Foundation indefinitely, and income from the fund is to be expended for scholarships for students. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence of donor imposed restrictions.

At June 30, 2021, the endowment fund is composed of the following:

Endowment fund balance	\$4,200,365
Amount required to be invested in perpetuity	4,200,365
Amount available for appropriation	<u><u>\$0</u></u>

Endowed Scholarships for Students:	
Avita Health	10,000.00
ADA Ford Educ Aid	20,000.00
Alumni Association	26,322.00
Bennett	22,707.00
Brown Respiratory Care	12,116.00
Advancing Diversity	16,022.00
Crawford Cty Project Fund	10,075.00
Cardwell Neer	10,429.00
Carter Memorial	31,267.00
Chambers	5,000.00
Cobey	19,201.00
Coleman	25,502.00
Cress	26,800.00
Emerson	117,566.00
Diab	16,683.00
Dewald	98,179.00
Faculty	13,162.00
Forty Et Eight	25,000.00
Galion FOP	13,376.00
Garber	30,275.00
Gimble - Health Chair	910,000.00
G-R Civic	22,463.00
G-R Rupp	56,661.00
Gubkin	11,263.00
Hahn	15,754.00
Haring	24,334.00
Jenko	699,933.00
Hamilton Insurance Group	4,125.00
McCullum TFS - Health	150,000.00
Kroger	36,129.00
MIMA - Urban Center	17,906.00
Martin Speech	13,259.00

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Necessities	156,665.00
Necessities - Crawford	54,950.00
Necessities - Shelby	62,166.00
Necessities - Wayne	26,275.00
Nursing	237,873.00
Title III	150,000.00
Orange and Blue	403,048.00
PTA Fund	44,374.00
Phillips	48,000.00
President Emeritus	20,620.00
Phillips E Troop	28,973.00
Plotts Endowment	11,000.00
Preston	38,235.00
Sheaffer	11,708.00
RMC	31,922.00
Searle - PTA	100,000.00
Searle - RN	100,443.00
Welsh	53,678.00
Tech Prep	20,969.00
Solt	25,000.00
Vetter	12,125.00
Wappner Funeral	10,000.00
YES Entrepreneur	40,832.00
	4,200,365.00

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

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2021.

The changes in endowment net assets for the year ending June 30, 2021 are as follows:

Endowment net assets, July 1, 2020	\$4,143,385
Contributions	123,472
Investment return net	
Amounts appropriated for expenditure	<u>(66,492)</u>
Endowment net assets, June 30, 2021	<u><u>\$4,200,365</u></u>

6. RICHLAND COUNTY FOUNDATION

During 1991, the Foundation established a “Direct Fund” in which an irrevocable gift was made to the Richland County Foundation. This fund is identified by the Richland County Foundation as the North Central State College Foundation “Endowment Fund” and is subject to the provisions contained within the fund agreement dated December 31, 1991. This fund is the property of the Richland County Foundation, whereby, those funds will be held in perpetuity, and the investment income will be distributed to the Foundation annually to benefit the North Central State College. One of the provisions in this fund agreement, the variance power, concerns the power to vary some of the terms of the agreement. As defined by United States Treasury Regulations, the Richland County Foundation has the right to modify the terms of the fund agreement if in the judgment of the Richland County Foundation’s Board of Trustees, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The portion of this fund contributed by the Foundation is considered a reciprocal transfer because the Foundation is also the beneficiary of this fund. This balance is shown on the Richland County Foundation’s Statement of Financial Position as a liability called “Funds Held as Agency Endowments”. This amounted to \$350,000 at June 30, 2021.

In addition, the portion of this fund contributed by unrelated third party donors is considered a contribution to the Richland County Foundation and is included in the net assets of Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2021 totaled \$423,632.

7. INCOME TAXES

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

8. RELATED PARTY

The Foundation is affiliated with the College. During the year ended June 30, 2021, the College provided the Foundation with professional services valued at \$92,359. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2021, the Foundation provided scholarships and support to the College of \$344,376.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

9. EXPENSE DISCLOSURES

	Program Activities			Supporting Activities			Total Expenses	
	Scholarships	Professional Development	Personnel Reimbursement	Program Total	Management and General	Fund-Raising		Supporting Total
Wages and Benefits	0	0	92,359	92,359	0	0	0	92,359
Services and Professional Fees	186,866	0	0	186,866	5,379	0	5,379	192,245
Advertising Fees	0	0	0	0	0	0	0	0
Supplies, Printing, and Postage	0	0	0	0	3,524	0	3,524	3,524
Staff Development	0	138	0	138	0	0	0	138
Insurance	0	0	0	0	0	0	0	0
Software Licenses and Support	0	0	0	0	2,388	0	2,388	2,388
Misc Expense	157,510	0	0	157,510	30,972	22,219	53,191	210,701
Total Expenses	\$344,376	\$138	\$92,359	\$436,873	\$42,263	\$22,219	\$64,482	\$501,355

Some categories of expense are attributable to more than one activity and require allocation, applied on a consistent basis.

Wages and benefits are allocated on the basis of employee duties.

Services and Professional Fees are allocated when services are rendered by an outside person or entity outside of the skill set of Foundation employees.

Advertising fees are allocated when print / voice / or social media messaging takes place.

Supplies, printing and postage are allocated as such items are acquired.

Insurance is allocated when premiums are paid

Software licenses and support fees are allocated as annual fees or updates are required.

Depreciation is allocated when capital assets are acquired until the item is fully depreciated.

Miscellaneous expenses are assigned directly to specific activities as expenditures are made.

THIS SPACE INTENTIONALLY LEFT BLANK

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflect the Foundation's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial statement date.

	<u>2021</u>
Cash and Cash Equivalents	\$776,603
Investments	6,601,905
Assets Held by Richland County Foundation	350,000
Contributions Receivable	3,267
Loan Receivable	488
	<u>7,732,263</u>
Less amounts unavailable for general expenditures within one year, due to:	
Donor-restricted purpose	2,633,342
Donor-restricted to maintain as an endowment	4,200,365
	<u>6,833,707</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$898,556</u></u>

As part of the Foundation's liquidity management, the Foundation invests cash in excess of requirements in various types of investments.

11. SUBSEQUENT EVENTS

The Foundation has evaluated events occurring between the end of its most recent fiscal year and November 24, 2021, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

12. NEW ACCOUNTING PRINCIPLE

The Foundation has adopted new accounting guidance, FASB ASU Topic 606, **Revenue from Contracts with Customers**. This guidance is pertaining to revenue from contracts with customers. The Foundation's financial statements were not impacted by the adoption of Topic 606.

**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
North Central State College Foundation, Inc.

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 North Central State College Foundation, Inc. (the Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2021, 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 November 24, 2021.

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 opinions 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 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 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

November 24, 2021

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



NORTH CENTRAL STATE COLLEGE FOUNDATION

RICHLAND 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 12/14/2021

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