

North Central State College Foundation

RICHLAND COUNTY



REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2022

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
2441 Kenwood Circle
Mansfield, Ohio 44906

We have reviewed the *Independent Auditor's Report* of the North Central State College Foundation, Richland County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. 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 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

December 09, 2022

This page intentionally left blank.

**NORTH CENTRAL STATE COLLEGE FOUNDATION
RICHLAND COUNTY
FOR THE YEAR ENDED JUNE 30, 2022**

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 Required by <i>Government Auditing Standards</i>	18

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central State College Foundation

Opinion

We have audited the accompanying financial statements of North Central State College Foundation (the Foundation) (a nonprofit Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

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. 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 audit. 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 available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 November 30, 2022, 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 30, 2022

North Central State College Foundation, Inc.
Statement of Financial Position
As of June 30, 2022

ASSETS

Cash and cash equivalents	\$702,800
Investments	6,040,024
Interest in Assets held by Richland County Foundation	350,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	1,905
Emergency Loan Receivable	488
Capital Assets, Net	<u>2,007</u>
Total Assets	<u><u>\$7,097,224</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	<u>\$31,042</u>
Total Liabilities	<u>31,042</u>
Net Assets:	
Without Donor Restrictions	683,503
With Donor Restrictions	6,032,679
With Donor Restrictions-Assets held by Richland County Foundation	<u>350,000</u>
Total With Donor Restrictions	6,382,679
Total Net Assets	<u>7,066,182</u>
Total Liabilities and Net Assets	<u><u>\$7,097,224</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</u>			
Contributions, net of future values and bad debts	\$112,171	\$662,597	\$774,768
Investment income, including realized and unrealized gains and losses, net	(277,239)	(769,666)	(\$1,046,905)
Fundraising Revenue	44,620	0	\$44,620
Other Revenue	115,033	0	\$115,033
Net assets released from restrictions	343,960	(343,960)	\$0
	<u>338,545</u>	<u>(451,029)</u>	<u>(112,484)</u>
<u>EXPENSES</u>			
Program Services:			
Scholarships	343,960	0	343,960
Professional development	3,093	0	3,093
Personnel reimbursement	90,307	0	90,307
Supporting Services:			
Management and General	46,278	0	46,278
Fundraising	25,628	0	25,628
	<u>509,266</u>	<u>0</u>	<u>509,266</u>
Changes in Net Assets	(170,721)	(451,029)	(621,750)
Net Assets, Beginning of Year	854,224	6,833,708	7,687,932
Net Assets, End of Year	<u>\$683,503</u>	<u>\$6,382,679</u>	<u>\$7,066,182</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, 2022

Cash Flows from Operating Activities:	
Change in net assets	(\$621,750)
Adjustments to reconcile net assets to net cash used for operating activities:	
Net investment returns	1,046,905
Decrease in contributions receivable	1,362
Decrease in accounts payable	(15,296)
Contributions restricted for investment in endowment	<u>662,597</u>
 Total adjustments	 <u>1,695,568</u>
 Net cash provided for operating activities	 1,073,818
 Cash flows from investing activities:	
Purchase of investments	(2,571,238)
Sales of investments	<u>2,086,214</u>
 Net cash used by investing activities	 (485,024)
 Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>(662,597)</u>
 Net cash used by financing activities	 <u>(662,597)</u>
 Net decrease in cash and cash equivalents	 (73,803)
 Cash and cash equivalents at beginning of year	 <u>776,603</u>
 Cash and cash equivalents at end of year	 <u><u>\$702,800</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, 2022

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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonfinancial Contributions

The Foundation has no employees or property (other than cash and investments). Substantially all clerical, accounting 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. The value of the services provided by two College personnel have been recognized in the Statement of Revenues, Expenses, and Changes in Net Assets as personnel reimbursement expenses since the Foundation reimburses the College for employees time spent working for the Foundation.

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, 2022

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, 2022, investments consisted of the following:

	Market / Carrying Value	Maturity					Various within Fund	No Maturity
		Less Than One Year	1-2 years	3-5 years	6-7 Years			
Money Market Investments - US Government Obligations	\$ 201,294	\$ 89,197	\$ -	\$ -	\$ -	\$ -	\$ 24,482	\$ 87,615
Coporate Bonds	\$ 24,977	\$ 24,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mututal Funds - Fixed Income	\$ 1,323,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,323,231	\$ -
Mututal Funds - Equity Securities	\$ 2,230,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,230,185
Common Stock	\$ 453,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,398
ADR / Foreign Equities	\$ 1,471,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,471,057
Perferred Stock	\$ 136,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,092
ADR / Foreign Preferred	\$ 135,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,256	\$ -
REIT	\$ 35,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,077
Rights and Warrants	\$ 29,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,457
Marketable LLC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnerships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 6,040,024	\$ 114,174	\$ -	\$ -	\$ -	\$ -	\$ 1,482,969	\$ 4,442,881

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, 2022

3. INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2022 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	\$ 201,294	\$ -	\$ -
Coporate Bonds	\$ 24,977	\$ -	\$ -
Mututal Funds - Fixed Income	\$ 1,323,231	\$ -	\$ -
Mututal Funds - Equity			
Securities	\$ 2,230,185	\$ -	\$ -
Common Stock	\$ 453,398	\$ -	\$ -
ADR / Foreign Equities	\$ 1,471,057	\$ -	\$ -
Perferred Stock	\$ 136,092	\$ -	\$ -
ADR / Foreign Preferred	\$ 135,256	\$ -	\$ -
REIT	\$ 35,077	\$ -	\$ -
Rights and Warrants	\$ 29,457	\$ -	\$ -
Total	\$ 6,040,024	\$ -	\$ -

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, 2022 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, 2022:

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

Without Donor Restrictions	1,205
With Donor Restrictions	1,000
Gross Unconditional promises to give	2,205
Less: Unamortized Discount	(79)
Less: Allowance for uncollectible contributions	(221)
Amounts due: Less than one year	<u>1,905</u>

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

4. NET ASSETS WITH DONOR RESTRICTIONS

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

Restricted Time/Purpose	\$ 1,665,055
Richland County Foundation	350,000
Donor restricted endowment - Scholarships For Students	<u>4,367,624</u>
Total	<u>\$ 6,382,679</u>

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

Scholarships for Students	\$215,831
Grants	0
Other	<u>128,129</u>
Total Released Net Assets	<u>\$343,960</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, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

Donor Restrictions:	
Avita Health	\$ 588
ADA Ford Educ Aid	10,806
Bennett	2,489
Brown Respiratory Care	1,128
Crawford County Scholarships	32,675
Carter Memorial	5,579
Chambers	379
Cobey	1,343
Coleman	2,250
Cress	1,645
Emerson	9,498
Diab	904
Dewald	6,253
Faculty	1,195
Forty Et Eight	4,019
Galion FOP	1,530
Garber	2,311
Gimble - Health Chair	195,383
G-R Civic	2,311
G-R Rupp	6,193
Gubkin	914
Hahn	2,434
Haring	4,262
Jenko	157,900
Kroger	3,302
MIMA - Urban Center	1,537
Martin Speech	2,313
Necessities	47,569
Necessities - Crawford	24,720
Necessities - Shelby	26,892
Necessities - Wayne	12,519
Nursing	18,125
Title III	20,819
Orange and Blue	51,220
PTA Fund	2,419
Phillips Fund	10,275
President Emeritus	1,964
Phillips E Troop	4,652
Plotts	512

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Preston	4,599
Scheaffer	750
RMC	3,154
Searle - PTA	13,435
Searle - RN	12,039
Welsh	4,811
Tech Prep	1,698
Solt	666
Vetter	1,806
YES Entrepreneur	4,371
ADA Ford Summer Access	2
ADA Ford Short Term Certificates	52,906
Ambassador	9
Scholarships (General)	16,454
Gimbel Scholarship	18,852
Gorman Fund	46,543
Henthorn	3,360
LPN Cohort	222,219
Mansfield University	5,890
Mohican Nurses	2,363
Peoples Savings & Loan	1,000
Tuition Freedom	170,895
Radiology Merit Scholarship Certificate Program	91
CDC Small Steps	10,500
NCSC Student Need Fund	13,846
Student Need Fund	24,994
6,116	
Crawford Student Need Fund	649
Innovation Fund	302
OJA Conference/Scholarships	3,222
Response Fund	9,535
Double Dollars Campaign	18,810
Equipment	188,269
CC Project Fund	14,308
College Project Fund	14,348
Women's Leadership	808
Restricted Projects	15,358
Urban Center Fund	59,307
Temporarily Restricted Other	13,943
	<hr/>
	\$ 1,665,055

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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, 2022, the endowment fund is composed of the following:

Endowment fund balance	\$4,367,624
Amount required to be invested in perpetuity	<u>4,367,624</u>
Amount available for appropriation	<u><u>\$0</u></u>

Endowed Scholarships for Students:

Avita Health	\$ 10,000
ADA Ford Educ Aid	20,000
Alumni Association	26,887
Bennett	22,971
Brown Respiratory Care	12,116
Advancing Diversity	22,522
Crawford Cty Project Fund	10,475
Cardwell Neer	10,537
Copper	3,000
Advancing Women In Leadership	10,520
Carter Memorial	31,267
Chambers	5,000
Cobey	19,201
Coleman	25,834
Cress	26,800
Emerson	117,566
Diab	17,933
Dewald	108,179
Faculty	13,162
Forty Et Eight	25,000
Galion FOP	13,376
Garber	30,425
Gimble - Health Chair	960,000
G-R Civic	22,463
G-R Rupp	56,661
Grove	6,175
Gubkin	11,263
Green Women in Leadership	3,000
Hahn	15,754
Haring	24,334
Jenko	699,933

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Hamilton Insurance Group	4,125
McCullum TFS - Health	200,000
Kroger	36,129
MIMA - Urban Center	17,906
Martin Speech	13,259
Necessities	160,543
Necessities - Crawford	54,950
Necessities - Shelby	62,166
Necessities - Wayne	26,275
Nursing	238,008
Title III	150,000
Orange and Blue	403,798
PTA Fund	54,374
Phillips	48,000
President Emeritus	20,620
Phillips E Troop	28,973
Plotts Endowment	11,000
Preston	38,235
Sheaffer	11,708
RMC	31,922
Searle - PTA	100,000
Searle - RN	100,674
Welsh	53,678
Tech Prep	20,969
Solt	25,000
Vetter	12,125
Wappner Funeral	20,000
YES Entrepreneur	40,833
	\$ 4,367,624

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, 2022

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, 2022.

The changes in endowment net assets for the year ending June 30, 2022 are as follows:

Endowment net assets, July 1, 2021	\$4,200,366
Contributions	167,258
Investment return net	
Amounts appropriated for expenditure	<u>0</u>
Endowment net assets, June 30, 2022	<u><u>\$4,367,624</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, 2022.

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, 2022 totaled \$354,075.

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, 2022, the College provided the Foundation with professional services valued at \$90,307. The value of those services is included as personnel reimbursement expenses in the financial statements since they are reimbursed by the Foundation.

During the year ended June 30, 2022, the Foundation provided scholarships and support to the College of \$381,472.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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	90,307	90,307	0	0	0	90,307
Services and Professional Fees	215,831	0	0	215,831	5,891	0	5,891	221,722
Supplies, Printing, and Postage	0	0	0	0	4,826	0	4,826	4,826
Staff Development	0	3,093	0	3,093	0	0	0	3,093
Software Licenses and Support	0	0	0	0	3,781	0	3,781	3,781
Misc Expense	128,129	0	0	128,129	31,780	25,628	57,408	185,537
Total Expenses	<u>\$343,960</u>	<u>\$3,093</u>	<u>\$90,307</u>	<u>\$437,360</u>	<u>\$46,278</u>	<u>\$25,628</u>	<u>\$71,906</u>	<u>\$509,266</u>

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, 2022

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>2022</u>
Cash and Cash Equivalents	\$702,800
Investments	6,040,024
Assets Held by Richland County Foundation	350,000
Contributions Receivable	1,905
Loan Receivable	<u>488</u>
	7,095,217
Less amounts unavailable for general expenditures within one year, due to:	
Donor-restricted purpose	2,015,055
Donor-restricted to maintain as an endowment	<u>4,367,624</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$712,538</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 30, 2022, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

12. NEW ACCOUNTING PRINCIPLE

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. It also requires enhanced disclosures by category of gifts-in-kind. The amendments in this ASU were implemented as of July 1, 2021 and included expanded disclosures related to contributions.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
North Central State College Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Central State College Foundation (the Foundation) (a nonprofit Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2022, 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 30, 2022.

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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

November 30, 2022

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 12/22/2022

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