

Columbus State Community College
Development Foundation, Inc.
Audited Financial Statements

As of and for the Years Ended
June 30, 2019 and 2018



Rea & associates

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
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, 2018 through June 30, 2019. 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 25, 2019

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September 30, 2019

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying 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, 2019 and 2018, the related statements of activities, changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 of 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 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in conformity 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 September 30, 2019, 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

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	<u>ASSETS</u>	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 4,379,997	\$ 2,575,576
Accounts receivable	129,167	35,000
Current portion of pledges receivable, net	2,995,414	3,981,468
Investments	8,877,278	8,561,200
Total current assets	<u>16,381,856</u>	<u>15,153,244</u>
PLEDGES RECEIVABLE, net of current portion	4,497,311	2,388,232
PROPERTY AND EQUIPMENT, net	376,487	-
Total assets	<u>\$ 21,255,654</u>	<u>\$ 17,541,476</u>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:		
Accounts payable	\$ 144,581	\$ 382,226
Refundable advances	-	60,250
Total liabilities	<u>144,581</u>	<u>442,476</u>
NET ASSETS:		
Without donor restrictions	3,828,709	3,468,334
With donor restrictions	17,282,364	13,630,666
Total net assets	<u>21,111,073</u>	<u>17,099,000</u>
Total liabilities and net assets	<u>\$ 21,255,654</u>	<u>\$ 17,541,476</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND SUPPORT:			
Contributions	\$ 483,974	\$ 5,750,960	\$ 6,234,934
Non-monetary contributions	446,721	-	446,721
Investment income:			
Dividends, interest and net realized gain	74,894	138,597	213,491
Net unrealized gain	155,167	305,213	460,380
Administrative fee income	42,387	-	42,387
Net assets released from restrictions	2,599,119	(2,599,119)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains, and support	3,802,262	3,595,651	7,397,913
EXPENSES:			
Program	3,071,959	-	3,071,959
Management and general	211,429	-	211,429
Fundraising	102,452	-	102,452
	<hr/>	<hr/>	<hr/>
Total expenses	3,385,840	-	3,385,840
	<hr/>	<hr/>	<hr/>
Changes in net assets	416,422	3,595,651	4,012,073
TRANSFER OF EARNINGS	(56,047)	56,047	-
NET ASSETS, beginning of the year	3,468,334	13,630,666	17,099,000
NET ASSETS, end of the year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 3,828,709	\$ 17,282,364	\$ 21,111,073

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND SUPPORT:			
Contributions	\$ 390,219	\$ 4,165,354	\$ 4,555,573
Non-monetary contributions	448,736	-	448,736
Investment income:			
Dividends, interest and net realized gain	193,332	348,936	542,268
Net unrealized gain	64,061	112,451	176,512
Administrative fee income	41,802	-	41,802
Net assets released from restrictions	1,057,422	(1,057,422)	-
	<u>2,195,572</u>	<u>3,569,319</u>	<u>5,764,891</u>
EXPENSES:			
Program	1,510,243	-	1,510,243
Management and general	200,834	-	200,834
Fundraising	99,786	-	99,786
	<u>1,810,863</u>	<u>-</u>	<u>1,810,863</u>
Total expenses	1,810,863	-	1,810,863
Changes in net assets	384,709	3,569,319	3,954,028
TRANSFER OF EARNINGS	(70,172)	70,172	-
NET ASSETS, beginning of the year	3,153,797	9,991,175	13,144,972
NET ASSETS, end of the year	<u>\$ 3,468,334</u>	<u>\$ 13,630,666</u>	<u>\$ 17,099,000</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, 2019

	Program	Management and General	Fundraising	Total Expenses
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUNCTIONAL EXPENSES:				
Personnel costs	\$ 22,081	\$ 33,122	\$ 55,204	\$ 110,407
Outreach and cultivation	35,035	-	47,248	82,283
Professional services	-	127,902	-	127,902
Miscellaneous other	-	50,405	-	50,405
Functional expenses, subtotal	<u>57,116</u>	<u>211,429</u>	<u>102,452</u>	<u>370,997</u>
Awards and grants	2,469,832	-	-	2,469,832
Scholarships and student support	545,011	-	-	545,011
Total functional expenses	<u><u>\$ 3,071,959</u></u>	<u><u>\$ 211,429</u></u>	<u><u>\$ 102,452</u></u>	<u><u>\$ 3,385,840</u></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, 2018

	Program	Management and General	Fundraising	Total Expenses
FUNCTIONAL EXPENSES:				
Personnel costs	\$ 20,320	\$ 30,481	\$ 50,801	\$ 101,602
Outreach and cultivation	25,567	-	48,985	74,552
Professional services	-	119,653	-	119,653
Miscellaneous other	-	50,700	-	50,700
Functional expenses, subtotal	45,887	200,834	99,786	346,507
Awards and grants	1,190,257	-	-	1,190,257
Scholarships and student support	274,099	-	-	274,099
Total functional expenses	<u>\$ 1,510,243</u>	<u>\$ 200,834</u>	<u>\$ 99,786</u>	<u>\$ 1,810,863</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, 2019 AND 2018

	2019	2018
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 4,012,073	\$ 3,954,028
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net unrealized gain on investments	(460,380)	(176,512)
Contributions received for long-term assets	(1,392,989)	(492,348)
(Increase) decrease in operating assets:		
Accounts receivable	(94,167)	(35,000)
Pledges receivable	(1,123,025)	(2,327,688)
Increase (decrease) in operating liabilities:		
Accounts payable	(237,645)	43,621
Refundable advances	(60,250)	60,250
Total adjustments	<u>(3,368,456)</u>	<u>(2,927,677)</u>
Net cash provided by operating activities	643,617	1,026,351
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchase of investments	-	(485,648)
Net sale of investments	144,302	-
Payments for purchase of property and equipment	(376,487)	-
Net cash used in investing activities	<u>(232,185)</u>	<u>(485,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long-term assets	1,392,989	492,348
Net cash provided by financing activities	<u>1,392,989</u>	<u>492,348</u>
Net increase in cash and cash equivalents	1,804,421	1,033,051
CASH AND CASH EQUIVALENTS, beginning of the year	<u>2,575,576</u>	<u>1,542,525</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 4,379,997</u>	<u>\$ 2,575,576</u>

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. 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.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the previous reporting model for not-for-profit organizations and enhances their required disclosures. The major changes relevant to the Foundation include; (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions, (b) requiring that all not-for-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. The Foundation has adopted this ASU as of and for the year ended June 30, 2019, and has applied it retroactively for the year ended June 30, 2018.

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.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as net assets released from restrictions.

Revenue and Support Recognition

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

Contributions

Contributions received are recorded as net assets with or without restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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. Supplies and professional services received in-kind for the years ended June 30, 2019 and 2018 were \$17,009 and \$102,594, 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 either the cost recognized by the affiliate for the personnel providing the service, or the fair value of that service.

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 fund-raising, 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 statement of activities as in-kind revenue and expense. These operating costs provided by the College were estimated to be \$429,712 and \$346,142 for the years ended June 30, 2019 and 2018, 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.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Investments in Marketable Securities

Investments in equity securities with 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. Net realized and unrealized gains and losses are reported within the statement of activities 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 at June 30, 2019 and 2018. The Foundation estimates fair values of its financial instruments using available quoted market information in accordance with FASB 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 statement of activities. The Foundation's property and equipment as of June 30, 2019 is substantially all land and no provision for depreciation was recorded for the year ended June 30, 2019.

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.

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, 2019 and 2018.

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 statement 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.

Recently Issued But Not Yet Effective Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09 entitled “Revenue from Contracts with Customers (Topic 606),” which will change the Foundation’s method of revenue recognition. This new standard is effective for the Foundation’s annual reporting periods beginning after December 15, 2018. Early implementation is permitted. The provisions of this standard will be applied retrospectively. Management is currently evaluating the impact of this provision on the Foundation’s financial statements.

In February 2016, the FASB issued ASU No. 2016-02 entitled “Leases (Topic 842),” which will change the Foundation’s statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is currently effective for the Foundation’s annual reporting periods beginning after December 15, 2020. Early implementation is permitted. Management is currently evaluating the impact of this provision on the Foundation’s financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through September 30, 2019, the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

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, 2019 and 2018, the Foundation had balances of \$2,862,791 and \$2,578,143, respectively, at this institution. 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.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: RISKS AND UNCERTAINTIES (Continued)

Market Risk – Marketable Securities

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.

NOTE 3: INVESTMENTS

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

	2019	2018
Equity mutual funds	\$ 111,076	\$ 1,081,975
Common and preferred stock	4,707,106	4,653,538
Fixed income and corporate bonds	4,059,096	2,825,687
Total	<u>\$ 8,877,278</u>	<u>\$ 8,561,200</u>

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.

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 At June 30, 2019 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	\$ 111,076	\$ -	\$ -
Common and preferred stock	4,707,106	-	-
Fixed income and corporate bonds	4,059,096	-	-
Total	<u>\$ 8,877,278</u>	<u>\$ -</u>	<u>\$ -</u>

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS (Continued)

	Fair Value Measurements At June 30, 2018 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	\$ 1,081,975	\$ -	\$ -
Common and preferred stock	4,653,538	-	-
Fixed income and corporate bonds	2,825,687	-	-
Total	<u>\$ 8,561,200</u>	<u>\$ -</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, 2019 and 2018, there were no transfers between levels of the fair value hierarchy.

NOTE 4: ENDOWMENT COMPOSITION

The Foundation's endowments are made up of 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, 2019:

	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 39,382	\$ 5,138,053	\$ 5,177,435
Investment income, net	-	99,063	99,063
Net appreciation (realized and unrealized gains/losses)	9,775	334,972	344,747
Contributions	-	3,233,511	3,233,511
Reclassifications for UPMIFA	-	-	-
Appropriation of endowment assets for expenditure	-	(197,017)	(197,017)
Net assets, end of year	<u>\$ 49,157</u>	<u>\$ 8,608,582</u>	<u>\$ 8,657,739</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, 2018:

	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 34,243	\$ 4,661,820	\$ 4,696,063
Investment income, net	-	88,264	88,264
Net appreciation (realized and unrealized gains/losses)	5,139	367,984	373,123
Contributions	-	181,658	181,658
Reclassifications for UPMIFA	-	-	-
Appropriation of endowment assets for expenditure	-	(161,673)	(161,673)
Net assets, end of year	<u>\$ 39,382</u>	<u>\$ 5,138,053</u>	<u>\$ 5,177,435</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.

COLUMBUS STATE COMMUNITY DEVELOPMENT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: ENDOWMENT COMPOSITION (Continued)

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.

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. Such amounts totaled \$2,482 as of June 30, 2018. These deficiencies resulted 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>2019</u>	<u>2018</u>
Annual pledges	\$ 7,895,791	\$ 6,558,902
Allowance for uncollectible pledges	-	-
Discount – multi-year pledges	<u>(403,066)</u>	<u>(189,202)</u>
Total	<u>\$ 7,492,725</u>	<u>\$ 6,369,700</u>

As of June 30, 2019 amounts due to be received in:

	<u>Gross</u>	<u>Allowance/ Discounts</u>	<u>Net</u>
Less than one year	\$ 2,995,414	\$ -	\$ 2,995,414
One to five years	<u>4,900,377</u>	<u>(403,066)</u>	<u>4,497,311</u>
Total	<u>\$ 7,895,791</u>	<u>\$ (403,066)</u>	<u>\$ 7,492,725</u>

As of June 30, 2018 amounts due to be received in:

	<u>Gross</u>	<u>Allowance/ Discounts</u>	<u>Net</u>
Less than one year	\$ 3,981,468	\$ -	\$ 3,981,468
One to five years	<u>2,577,434</u>	<u>(189,202)</u>	<u>2,388,232</u>
Total	<u>\$ 6,558,902</u>	<u>\$ (189,202)</u>	<u>\$ 6,369,700</u>

As of June 30, 2019 and 2018, management estimates that outstanding pledges receivable were fully collectible, consequently, no allowance for uncollectible pledges was deemed necessary. 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 \$403,066 as of June 30, 2019, using a rate of 1.76%.

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:

	2019	2018
Specific Support of College Programs	\$ 4,798,982	\$ 3,144,046
Equipment	195,514	210,513
Lecture Series	26,643	26,643
Special Projects	5,481,945	3,942,422
Specific Support of Administration	391,538	476,879
Scholarships	6,387,742	5,830,163
Total	<u>\$ 17,282,364</u>	<u>\$ 13,630,666</u>

NOTE 7: 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 \$315,678 and \$522,225 for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2018, contributions to the College in the amount of \$209,117 had yet to be paid and were included in the Foundation's accounts payable on the statement of financial position. As of June 30, 2019, these contributions totaled \$984.

NOTE 8: LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2019 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:	
Cash and cash equivalents	\$ 4,379,997
Accounts and grants receivable	129,167
Pledges receivable, net	2,995,414
Investments	<u>8,877,278</u>
Financial assets, at year-end	16,381,856
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor-restricted contributions (excludes time restrictions)	<u>12,731,303</u>
	<u>12,731,303</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,650,553</u></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.

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September 30, 2019

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

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

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 Columbus State Community College Development Foundation, Inc. (the "Foundation"), a component unit of Columbus State Community College, which comprise the statement of financial position as of June 30, 2019, 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 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio

OHIO AUDITOR OF STATE KEITH FABER



COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 12, 2019**