

Terra College Foundation



Financial Statements

June 30, 2020 and 2019

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Terra College Foundation
2830 Napoleon Road
Fremont, Ohio 43420

We have reviewed the *Independent Auditor's Report* of the Terra College Foundation, Sandusky County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Terra College Foundation 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

November 2, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Terra College Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Terra College Foundation (the Foundation), (a nonprofit organization), a component unit of Terra State Community College, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with the 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 October 15, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.
Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 15, 2020

Terra College Foundation
Statements of Financial Position
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|----------------------------|----------------------------|----------------------------|
| Assets | | |
| Cash & cash equivalents | \$ 84,378 | \$ 124,530 |
| Contributions Receivable | 860 | 860 |
| Other receivables | 96,131 | 69,434 |
| Investments | <u>5,309,073</u> | <u>6,030,295</u> |
| Total assets | 5,490,442 | 6,225,119 |
| Liabilities | | |
| Accounts payable | <u>76,974</u> | <u>554,761</u> |
| Total liabilities | <u>76,974</u> | <u>554,761</u> |
| Net assets | | |
| Without Donor Restrictions | 214,931 | 266,129 |
| With Donor Restrictions | <u>5,198,537</u> | <u>5,404,229</u> |
| Total net assets | <u><u>\$ 5,413,468</u></u> | <u><u>\$ 5,670,358</u></u> |

See accompanying notes to the financial statements.

Terra College Foundation
Statement of Activities
For the Year Ended June 30, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|----------------------------|
| Revenues, gains and other support | | | |
| Contributions | \$ 127,742 | \$ 179,370 | \$ 307,112 |
| Grants | - | - | - |
| Contributed services and supplies | 197,196 | - | 197,196 |
| Investment return | (9,085) | (92,591) | (101,676) |
| Net assets released from restrictions | <u>292,471</u> | <u>(292,471)</u> | <u>-</u> |
| Total revenues, gains and other support | 608,324 | (205,692) | 402,632 |
| Expenses | | | |
| Program services | | | |
| Scholarships and loans | 92,168 | - | 92,168 |
| Instructional equipment | 143,038 | - | 143,038 |
| Other | 49,807 | - | 49,807 |
| Supporting Services | | | |
| Management and general | 272,711 | - | 272,711 |
| Fund raising | <u>101,798</u> | <u>-</u> | <u>101,798</u> |
| Total expenses | <u>659,522</u> | <u>-</u> | <u>659,522</u> |
| Change in net assets | (51,198) | (205,692) | (256,890) |
| Net assets | | | |
| Net assets- beginning of year, restated | <u>266,129</u> | <u>5,404,229</u> | <u>5,670,358</u> |
| Net assets- end of year | <u><u>\$ 214,931</u></u> | <u><u>\$ 5,198,537</u></u> | <u><u>\$ 5,413,468</u></u> |

See accompanying notes to the financial statements.

Terra College Foundation
Statement of Activities
For the Year Ended June 30, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|---------------------|
| Revenues, gains and other support | | | |
| Contributions | \$ 43,506 | \$ 248,516 | \$ 292,022 |
| Grants | - | 287,916 | 287,916 |
| Contributed services and supplies | 123,735 | - | 123,735 |
| Investment return | 52,685 | 185,131 | 237,816 |
| Net assets released from restrictions | <u>652,266</u> | <u>(652,266)</u> | <u>-</u> |
| Total revenues, gains and other support | 872,192 | 69,297 | 941,489 |
| Expenses | | | |
| Program services | | | |
| Scholarships and loans | 123,477 | - | 123,477 |
| Instructional equipment | 355,115 | - | 355,115 |
| Other | 127,081 | - | 127,081 |
| Supporting Services | | | |
| Management and general | 220,869 | - | 220,869 |
| Fund raising | <u>133,887</u> | <u>-</u> | <u>133,887</u> |
| Total expenses | <u>960,429</u> | <u>-</u> | <u>960,429</u> |
| Change in net assets | (88,237) | 69,297 | (18,940) |
| Net assets | | | |
| Net assets- beginning of year | <u>354,366</u> | <u>5,334,932</u> | <u>5,689,298</u> |
| Net assets- end of year | <u>\$ 266,129</u> | <u>\$ 5,404,229</u> | <u>\$ 5,670,358</u> |

See accompanying notes to the financial statements.

Terra College Foundation
Statements of Cash Flows
For The Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ (256,890) | \$ (18,940) |
| Adjustments to reconcile increase in net assets to net cash from operating activities: | | |
| Unrealized (gain)/loss on investments | 101,086 | 105,949 |
| Contributions restricted for long-term purposes | (40,209) | (63,621) |
| (Increase)/Decrease in accounts receivable | (26,695) | 385 |
| (Increase)/Decrease in contributions receivable | 0 | 240 |
| (Increase)/Decrease in other assets | 0 | 0 |
| Increase/(Decrease) in Accounts payable | (477,788) | 485,263 |
| Net Cash Provided (Used) by Operating Activities | (700,496) | 509,276 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of long-term investments | 2,337,249 | 115,000 |
| Purchase of long-term investments | (1,717,114) | (819,450) |
| Net Cash Provided (Used) by Investing Activities | 620,135 | (704,450) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from contributions restricted for long-term purposes | 40,209 | 63,621 |
| Net Cash Provided (Used) by Financing Activities | 40,209 | 63,621 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (40,152) | (131,553) |
| Cash and Cash Equivalents, Beginning of the Year | 124,530 | 256,083 |
| Cash and Cash Equivalents, End of Year | \$ 84,378 | \$ 124,530 |

See the accompanying notes to the financial statements.

TERRA COLLEGE FOUNDATION
Notes to the Financial Statements
For the Year Ended June 30, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

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

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

Contributions 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.

Donated Services and Facilities: The Foundation has no employees. Substantially all clerical, management and fund-raising duties are presently performed by employees of Terra Community College, utilizing equipment and facilities of Terra Community College. The value of services provided, in the amount of \$197,196 and \$123,735 for the years ended June 30, 2020 and 2019 has been recognized in the statement of activities.

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

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

TERRA COLLEGE FOUNDATION
Notes to the Financial Statements
For the Year Ended June 30, 2020 and 2019

NOTE 1 - SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

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

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

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

Accounting Pronouncements Adopted: In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10)*. As of July 1, 2019, the Foundation adopted ASU No. 2016-01, which changes the accounting for certain equity investments, financial liabilities under the fair value option, and presentation and disclosure requirements for financial instruments. This standard was adopted retrospectively and did not have a material impact on the Foundation's financial statements.

NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Time/Purpose Restricted - Terra Community College Support | \$ 2,329,231 | \$ 2,575,132 |
| Donor Restricted Endowment | 2,869,306 | 2,829,097 |
| Total | \$ 5,198,537 | \$ 5,404,229 |

Donor-Restricted Endowment Fund

The Foundation's endowment fund was established to support Terra Community College. The contributions to the endowment fund contain 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 support. 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.

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 perpetual in nature (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

TERRA COLLEGE FOUNDATION
Notes to the Financial Statements
For the Year Ended June 30, 2020 and 2019

NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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 as perpetual in nature is classified as purpose or time restricted 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 deciding to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the organization
- g. The investment policies of the organization

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. The Foundation had no such deficiencies as of June 30, 2020 and June 30, 2019.

The changes in endowment net assets for the years ending June 30, 2019 and 2018 are as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| Endowment net assets, Beginning of Year | \$ 2,829,097 | \$ 2,765,476 |
| Contributions | 40,209 | 63,621 |
| Investment return net | 92,591 | 185,131 |
| Amounts appropriated for expenditure | (92,591) | (185,131) |
| Endowment net assets, End of Year | \$ 2,869,306 | \$ 2,829,097 |

NOTE 3 - INVESTMENTS

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in FASB Accounting Standards Codification (ASC) No. 820 Fair Value Measurement, 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

TERRA COLLEGE FOUNDATION
Notes to the Financial Statements
For the Year Ended June 30, 2020 and 2019

NOTE 3 – INVESTMENTS (Continued)

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.

The fair value of investments held by the Foundation at June 30, 2020 are summarized as follows:

| | Quoted Prices In Active Markets For Identical Assets (Level 1) | Significant Other Observ- able Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--------------------|---|--|--|
| Money market funds | \$ 203,814 | \$-0- | \$-0- |
| Debt Securities | 1,526,694 | -0- | -0- |
| Equity Securities | <u>3,578,566</u> | <u>-0-</u> | <u>-0-</u> |
| Total | <u>\$ 5,309,073</u> | <u>\$-0-</u> | <u>\$-0-</u> |

The fair value of investments held by the Foundation at June 30, 2019 are summarized as follows:

| | Quoted Prices In Active Markets For Identical Assets (Level 1) | Significant Other Observ- able Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--------------------|---|--|--|
| Money market funds | \$ 879,410 | \$-0- | \$-0- |
| Debt Securities | 1,454,829 | -0- | -0- |
| Equity Securities | <u>3,696,056</u> | <u>-0-</u> | <u>-0-</u> |
| Total | <u>\$ 6,030,295</u> | <u>\$-0-</u> | <u>\$-0-</u> |

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020 and 2019 are promises to give from various donors that are unconditional and are summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------|--------------|
| Unconditional promises expected to be collected in: | | |
| Less than one year | \$860 | \$860 |
| One year to five years | 0 | 0 |
| Over five years | <u>0</u> | <u>0</u> |
| | 860 | 860 |
| Less: | | |
| Unamortized discount and allowance for doubtful pledges | <u>0</u> | <u>0</u> |
| | <u>\$860</u> | <u>\$860</u> |

TERRA COLLEGE FOUNDATION
Notes to the Financial Statements
For the Year Ended June 30, 2020 and 2019

NOTE 5 - SUPPORT TO TERRA COMMUNITY COLLEGE

During the years ended June 30, 2020 and 2019, the Foundation made contributions of approximately \$285,014 and \$605,673 to or on behalf of the College for both restricted and unrestricted purposes.

NOTE 6 – EXPENSE DISCLOSURES

| | 2020 | | | | | | | |
|---------------------------------|---------------------------|----------------------------|------------------|-----------------------|---------------------------|-------------------|---------------------|-------------------|
| | Program Activities | | | Supporting Activities | | | | |
| | Scholarships and Loans | Instructional Equipment | Other | Program Total | Management and General | Fund- Raising | Supporting Total | Total Expenses |
| Terra Community College Support | \$ 92,168 | \$ 143,038 | \$ - | \$ 235,206 | \$ - | \$ - | \$ - | \$ 235,206 |
| Wages and Benefits | - | - | - | - | 103,950 | 88,987 | 192,937 | 192,937 |
| Services and Professional Fees | - | - | 4,570 | 4,570 | 93,937 | 15,808 | 109,745 | 114,315 |
| Advertising Fees | - | - | 19,682 | 19,682 | 3,075 | - | 3,075 | 22,757 |
| Supplies, Printing, and Postage | - | - | 24,555 | 24,555 | 10,871 | (6,463) | 4,408 | 28,963 |
| Staff Development | - | - | 1,000 | 1,000 | 13,700 | 3,466 | 17,166 | 18,166 |
| Insurance | - | - | - | - | 28,425 | - | 28,425 | 28,425 |
| Software Licenses and Support | - | - | - | - | 5,534 | - | 5,534 | 5,534 |
| Depreciation | - | - | - | - | - | - | - | - |
| Misc. Expense | - | - | - | - | 13,219 | - | 13,219 | 13,219 |
| Total Expenses | <u>\$ 92,168</u> | <u>\$ 143,038</u> | <u>\$ 49,807</u> | <u>\$ 285,013</u> | <u>\$ 272,711</u> | <u>\$ 101,798</u> | <u>\$ 374,509</u> | <u>\$ 659,522</u> |

| | 2019 | | | | | | | |
|---------------------------------|---------------------------|----------------------------|-------------------|-----------------------|---------------------------|-------------------|---------------------|-------------------|
| | Program Activities | | | Supporting Activities | | | | |
| | Scholarships and Loans | Instructional Equipment | Other | Program Total | Management and General | Fund- Raising | Supporting Total | Total Expenses |
| Terra Community College Support | \$123,477 | \$355,115 | \$- | \$478,592 | \$- | \$- | \$- | \$478,592 |
| Wages and Benefits | - | - | 107,753 | 107,753 | - | - | - | 107,753 |
| Services and Professional Fees | - | - | 5,500 | 5,500 | 140,914 | 96,746 | 237,660 | 243,160 |
| Advertising Fees | - | - | 10,118 | 10,118 | 3,196 | 508 | 3,704 | 13,822 |
| Supplies, Printing, and Postage | - | - | 3,710 | 3,710 | 21,719 | 32,487 | 54,206 | 57,916 |
| Staff Development | - | - | - | - | 5,778 | 4,146 | 9,924 | 9,924 |
| Insurance | - | - | - | - | 28,425 | - | 28,425 | 28,425 |
| Software Licenses and Support | - | - | - | - | 7,688 | - | 7,688 | 7,688 |
| Depreciation | - | - | - | - | 385 | - | 385 | 385 |
| Misc. Expense | - | - | - | - | 12,764 | - | 12,764 | 12,764 |
| Total Expenses | <u>\$ 123,477</u> | <u>\$ 355,115</u> | <u>\$ 127,081</u> | <u>\$ 605,673</u> | <u>\$ 220,869</u> | <u>\$ 133,887</u> | <u>\$ 354,756</u> | <u>\$ 960,429</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.

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

TERRA COLLEGE FOUNDATION
Notes to the Financial Statements
For the Year Ended June 30, 2020 and 2019

NOTE 7 – 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.

| | 2020 | 2019 |
|--|------------|------------|
| Cash and Cash Equivalents | \$ 84,378 | \$ 124,530 |
| Investments | 5,309,073 | 6,030,295 |
| Receivables | 96,989 | 70,294 |
| | 5,490,440 | 6,225,119 |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Donor-restricted purpose or time | 2,329,231 | 2,575,132 |
| Donor-restricted to maintain as an endowment | 2,869,306 | 2,829,097 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 291,903 | \$ 820,890 |

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

NOTE 8 - SUBSEQUENT EVENTS

The Foundation has evaluated events occurring between the end of its most recent fiscal year and October 15, 2020, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The beginning net assets (With Donor Restrictions) has been restated at July 1, 2019 by \$500,000. The balance of \$5,904,229 as previously reported was decreased to \$5,404,229 to reflect a liability for an incomplete contribution that was previously reported in contributions revenue in 2019.

Terra College Foundation



Yellow Book Report

June 30, 2020

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Terra College Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Terra College Foundation (the Foundation), (a nonprofit organization), a component unit of Terra State Community College, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a material weakness. Finding 2020-001.

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*.

Foundation's Response to Findings

The Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 15, 2020

TERRA COLLEGE FOUNDATION
SCHEDULE OF AUDIT FINDINGS
June 30, 2020

2020- 001 Finding Type — Material Weakness – Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the Foundation’s management. Independent auditors are not part of an entity’s internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified a misstatement in the Foundation’s financial statements that required adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided an adjustment to the Foundation which corrected the misstatement prior to the issuance of the financial statements. The misstatement related to an incomplete 2019 contribution that was incorrectly included in expense during 2020. This should have been a liability in the 2019 financial statements but was included in revenue and net assets.

Recommendation:

We recommend the Foundation develop a systematic, detailed financial statement preparation and review process.

Management’s Response:

The Foundation Concur.

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OHIO AUDITOR OF STATE KEITH FABER



TERRA COMMUNITY COLLEGE FOUNDATION

SANDUSKY 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 11/12/2020

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

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