

EASTERN GATEWAY COMMUNITY COLLEGE
FOUNDATION
(A COMPONENT UNIT OF EASTERN GATEWAY
COMMUNITY COLLEGE)
JEFFERSON COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Eastern Gateway Community College Foundation
110 John Scott Highway
Steubenville, Ohio 43952

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

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

March 16, 2022

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EASTERN GATEWAY COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF EASTERN GATEWAY COMMUNITY COLLEGE)

JEFFERSON COUNTY, OHIO
JUNE 30, 2021

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Independent Auditor's Report

Board of Directors
Eastern Gateway Community College Foundation
110 John Scott Highway
Steubenville, Ohio 43952

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Gateway Community College Foundation (the Foundation), a component unit of Eastern Gateway Community College, which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Gateway Community College Foundation, as of June 30, 2021, and the changes in its net assets and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022 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 the effectiveness of the Foundation's 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.

New Philadelphia, Ohio
February 28, 2022

Eastern Gateway Community College Foundation, Inc.
Statement of Financial Position
As of June 30, 2021

Assets

| | |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 244,398 |
| Investments | 960,745 |
| Pledges Receivable | <u>1,485</u> |
| Total Assets | <u>\$ 1,206,628</u> |

| | |
|---|-------|
| Liabilities - Payables Due the College | 1,000 |
|---|-------|

Net Assets

| | |
|---|----------------------------|
| Without Donor Restrictions | \$ 126,093 |
| With Donor Restrictions | <u>1,079,535</u> |
| Total Net Assets and Liabilities | <u>\$ 1,206,628</u> |

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College Foundation, Inc.
Statement of Activities and Changes in Net Assets
For the Fiscal Period Ended June 30, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------------|
| <u>Revenue, Gains and Other Support</u> | | | |
| Contributions | \$ 2,653 | \$ 14,978 | \$ 17,631 |
| Investment Income | | | |
| Dividends, interest and realized gain (loss) | 56 | 40,283 | 40,339 |
| Net unrealized gain (loss) | - | 216,654 | 216,654 |
| Net Assets released from restrictions | - | - | - |
| Total Revenue, Gains and Support | <u>2,709</u> | <u>271,915</u> | <u>\$ 274,624</u> |
| <u>Expenses</u> | | | |
| Program Expenses | 3,434 | - | 3,434 |
| Management and General | 5,097 | - | 5,097 |
| Total Expenses | <u>8,531</u> | <u>-</u> | <u>8,531</u> |
| Change in Net Assets | (5,822) | 271,915 | 266,093 |
| Net Assets - July 1, 2020 | <u>131,915</u> | <u>807,620</u> | <u>939,535</u> |
| Net Assets -June 30, 2021 | <u><u>\$ 126,093</u></u> | <u><u>\$ 1,079,535</u></u> | <u><u>\$ 1,205,628</u></u> |

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College Foundation, Inc.
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2021

| | <u>Program</u> | <u>Management and General</u> | <u>Total Expenses</u> |
|---|-----------------------|---------------------------------------|---------------------------|
| FUNCTIONAL EXPENSES: | | | |
| Personnel Costs | \$ - | \$ - | \$ - |
| Professional services | - | 4,316 | 4,316 |
| Miscellaneous other | - | 781 | 781 |
| | <hr/> | <hr/> | <hr/> |
| Functional expenses, subtotal | - | 5,097 | 5,097 |
| Scholarships and student support | <hr/> 3,434 | <hr/> - | <hr/> 3,434 |
| Total functional expenses | <hr/> \$ 3,434 | <hr/> \$ 5,097 | <hr/> \$ 8,531 |

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

| | |
|--|--------------------------|
| Cash flow from operating activities | |
| Change in Net Assets | \$ 266,093 |
| Adjustments to reconcile changes in net assets to cash provided by operating activities: | |
| Net Realized and Unrealized Gain on Investments | (255,929) |
| (Increase) decrease in operating assets: | |
| Pledges Receivable | 703 |
| Increase (decrease) in operating liabilities: | |
| Payables due to College | <u>(6,702)</u> |
| Net Cash provided by operating activities | \$ 4,165 |
| Cash flow from financing activities | |
| Purchase of investments | (243,209) |
| Sale of investments | <u>226,792</u> |
| Net cash used in financing activities | (16,417) |
| Net decrease in cash | \$ (12,252) |
| Cash and cash equivalents, beginning of year | <u>\$ 256,650</u> |
| Cash and cash equivalents, end of year | <u>\$ 244,398</u> |

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Eastern Gateway Community College 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

Eastern Gateway Community College Foundation, Inc. (the “Foundation”) is a legally separate, tax-exempt organization supporting Eastern Gateway Community College (the “College”). The Foundation is exempt from income taxes under Section 501(C)(3) as a non-governmental, not-for-profit entity of the Internal Revenue Code. The Foundation was established to foster excellence in teaching and learning by encouraging philanthropic support for students, faculty, programs, and facilities for the College. Because the majority of the distribution of the resources held by the Foundation is received by the College, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements.

Affiliates

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

Use of Management Estimates

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

Net Assets and Financial Statement Presentation

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

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

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

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support Recognition

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

Contributions

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

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. The activities of the Foundation were very minimal in fiscal year 2021 due to the COVID pandemic and as such the College did not provide any operating expenses to the Foundation.

Cash and Cash Equivalents

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

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at its net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a risk-free interest rate determined at the time of the pledge. The Foundation had pledges receivable of \$1,485 as of June 30, 2021.

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.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021. 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.

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, 2021.

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 February 2016, the FASB issued ASU No. 2016-02, *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, 2021. 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 February 28, 2022, 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.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk – Cash Deposits

The Foundation maintains its cash and cash equivalents balances at Huntington Bank in Steubenville, 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, the Foundation had a balance of \$81,367 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 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.

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.

Global Pandemic

On March 10, 2020, the World Health Organization recognized the outbreak of COVID-19 disease as a pandemic. Governments worldwide continue to take actions to prevent the spread of the outbreak, including event cancellations and quarantines that have created widespread adverse impacts to the global economy as well as business interruptions. The College transitioned its instructional and administrative operations to a primarily virtual setting, which also impacted the operations of the Foundation. This transition continued through the end of the fiscal year of the Foundation. Given the dynamic nature of these circumstances and the duration of the business disruption, the future financial impact on the Foundation cannot be reasonably estimated at this time.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 3: INVESTMENTS

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

| | |
|----------------------------------|------------------|
| Equity Mutual Fund | \$764,457 |
| Fixed Income and Corporate Bonds | 173,742 |
| Real Estate Investment Trust | <u>25,546</u> |
| Total | <u>\$960,745</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

The following is a summary of the inputs used as of June 30, 2021, in valuing the Foundation’s investments carried at fair value:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|------------------------------|-------------------|----------------|----------------|
| Equity Mutual Funds | \$ 761,457 | \$ - | \$ - |
| Fixed Income | 173,742 | - | - |
| Real Estate Investment Trust | <u>25,546</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 960,745</u> | <u>\$ -</u> | <u>\$ -</u> |

The Foundation’s investments are valued using quoted prices in active markets for identical assets.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4: ENDOWMENT COMPOSITION

As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Distributions from the endowment funds are spent in compliance with the donor’s restrictions applicable to the funds being distributed. The Foundation classifies these net assets as donor restricted net assets (a) the original value of the 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.

These amounts remain in donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence by the Uniform Prudent Management of Institutional Funds Act (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 Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The expected total return from income and the appreciation of investments
- (5) The investment policies of the Foundation

The Foundation’s endowment fund activity was as follows for the year ended June 30, 2021:

| | <u>With Donor Restrictions</u> |
|---|------------------------------------|
| Endowment net position, end of 2020 | \$ 365,662 |
| Investment return: | |
| Interest, dividends and realized Gain (loss) | 0 |
| Net unrealized gain (loss) | <u>0</u> |
| Total investment returns | 0 |
| Reclassifications and transfer out | 0 |
| Endowment net position, end of 2021 | \$ <u>365,662</u> |

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4: ENDOWMENT COMPOSITION (Continued)

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 Organization to retain as a fund of perpetual duration. When donor endowment deficits exist, they are classified as a reduction of unrestricted net position. There were no deficits of this nature during fiscal year 2021.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for the Endowment Fund with the understanding that those assets will be prudently invested to provide a continuing source of funding for the College and its programs. Assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the Investment Committee of the Board should direct the Fund's investment managers to achieve the maximum possible long-term total return on the Endowment Fund while maintaining prudent investment management principles and the basic tenants of preservation of capital. The Foundation conducts a quarterly monitoring of the portfolio.

Investment performance is measured against a custom benchmark consisting of the current inflation rate plus 3%.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current interest earnings and dividends.

Spending Policy

Currently, the Board of Trustees of the Foundation is in the process of adopting a spending policy for endowment funds.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were restricted for scholarships.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 6: 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, 2021 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 | \$ 244,398 |
| Investments | 960,745 |
| Contributions Receivable | <u>1,485</u> |
| Financial assets, at year-end | 1,206,628 |
| Less those unavailable for general expenditure within one year, due to: | |
| Contractual or donor-imposed restrictions: | |
| Donor-restricted contributions (excludes time restrictions) | <u>1,079,535</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$127,093</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.

**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 Directors
Eastern Gateway Community College Foundation
110 John Scott Highway
Steubenville, OH 43952

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 Eastern Gateway Community College Foundation, Jefferson County, Ohio (the “Foundation”), a component unit of the Eastern Gateway Community College, which collectively comprise the statement of financial position as of June 30, 2021, and the related statement of activities and 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 February 28, 2022.

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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hea & Associates, Inc.

New Philadelphia, Ohio
February 28, 2022

OHIO AUDITOR OF STATE KEITH FABER



EASTERN GATEWAY COMMUNITY COLLEGE FOUNDATION, INC.

JEFFERSON 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 3/29/2022

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