



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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STARK STATE COLLEGE FOUNDATIONS
STARK COUNTY

REGULAR AUDIT

For the Year Ended June 30, 2011
Fiscal Year Audited Under GAGAS: 2011



Dave Yost • Auditor of State

Board of Trustees
Stark State College Foundation
6200 Frank Avenue, NW
North Canton, Ohio 44720-7299

We have reviewed the *Independent Accountant's Report* of the Stark State College Foundation, Stark County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Stark State College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 24, 2012

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Stark State College Foundation
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For the Fiscal Year Ended June 30, 2011

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Independent Accountant's Report

Stark State College Foundation
Board of Trustees
6200 Frank Ave. N.W.
North Canton, Ohio 44720-7299

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Stark State College Foundation, Stark County, Ohio (the Foundation), a component unit of the Stark State College of Technology, as of and for the year ended June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stark State College Foundation, Stark County, Ohio, as of June 30, 2011, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Balestra, Harr & Scherer, CPAs, Inc.
December 22, 2011

STARK STATE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
Year Ended June 30, 2011

ASSETS

Cash and cash equivalents		\$ 188,650
Unconditional promises to give		
Unrestricted		2,778
Restricted to instructional departments		9,405
Restricted to scholarships		133
Restricted to endowments		61,609
Prepaid Expenses		2,560
Interest receivable		3
Long-term investments		<u>2,253,939</u>
	TOTAL ASSETS	\$ <u>2,519,077</u>

NET ASSETS

Unrestricted		\$ 68,648
Temporarily restricted		151,483
Permanently restricted		<u>2,298,946</u>
	TOTAL NET ASSETS	\$ <u>2,519,077</u>

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

STARK STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

UNRESTRICTED NET ASSETS

Support		
Individuals	\$	7,266
Corporations & foundations		400
Investment income		474
Investment gains (losses)		53,724
Net assets released from restrictions		
Restrictions satisfied by payments		<u>51,800</u>
TOTAL UNRESTRICTED SUPPORT		<u>113,664</u>
Expenses		
Supporting college activities		
Scholarships for students		48,500
Instructional equipment & supplies		3,300
Operations		
Management and general		7,638
Transfer to temporarily restricted net assets		<u>2,000</u>
TOTAL UNRESTRICTED EXPENSES		<u>61,438</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS		52,226

TEMPORARILY RESTRICTED NET ASSETS

Support for instructional departments		165
Support for scholarships		61,723
Investment income		19,840
Investment gains (losses)		258,422
Transfer from unrestricted net assets		2,000
Transfer to permanently restricted net assets		(151,407)
Net assets released from restrictions		
Restrictions satisfied by payments		<u>(51,800)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		138,943

PERMANENTLY RESTRICTED NET ASSETS

Endowment fund support		171,726
Investment income		72
Investment gains (losses)		1,145
Transfer from temporarily restricted net assets		<u>151,407</u>
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS		324,350

INCREASE (DECREASE) IN NET ASSETS		<u>515,519</u>
NET ASSETS AT BEGINNING OF YEAR		<u>2,003,558</u>
NET ASSETS AT END OF YEAR	\$	<u><u>2,519,077</u></u>

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

STARK STATE COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 515,519
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Net gain on long-term investments	(313,291)
Decrease in restricted unconditional promises to give	7,949
Increase in unrestricted unconditional promises to give	(2,540)
Decrease in interest receivable	30
Decrease in prepaid expenses	43
Investment income from long-term investments	(20,296)
Restricted cash contributions for long-term investment	<u>(176,673)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,741
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of long-term investments	<u>(230,807)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(230,807)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Collection of endowment fund support	<u>176,673</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>176,673</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(43,393)
BEGINNING CASH AND CASH EQUIVALENTS	<u>232,043</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 188,650</u></u>

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

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1. DESCRIPTION OF THE REPORTING ENTITY

The Stark State College Foundation (the Foundation) is organized and operated exclusively for educational, scientific or charitable purposes by conducting and supporting activities which benefit or carry out the purpose of the Stark State College (herein, “the College”). The College is a state institution of higher learning, authorized and existing under Chapter 3357 of the Ohio Revised Code. The Foundation is a not-for-profit organization established in accordance with Section 501(c)(3) of the Internal Revenue Code and is empowered to exercise all rights and powers conferred by the laws of Ohio upon nonprofit corporations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Contributions

The Foundation reports contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, “Accounting for Contributions Received and Contributions Made”. SFAS No. 116 requires that unconditional promises to give, with payments due in future periods, be recorded as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

Financial Statement Presentation

SFAS No. 117, “Financial Statements of Not-For-Profit Organizations”, requires that the amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor-imposed restrictions. A description of the categories is as follows:

Unrestricted Net Assets

Assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted Net Assets

Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanently Restricted Assets

Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying Statement of Activities.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

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

Investments

The Foundation reports investments in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

Investments of the unrestricted, temporarily restricted and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted and permanently restricted funds.

Promises to Give

Contributions received, including unconditional promises to give are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met.

The Foundation requires an initial minimum balance of \$5,000 to establish an endowed scholarship fund. The policy allows a period, generally not to exceed 60 months, for the accumulation of contributions and interest to meet the minimum \$5,000 requirement.

Estimates

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

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

3. INVESTMENTS

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

At June 30, 2011, investments consisted of the following:

	Fair Value
Mutual Funds	\$2,253,939
Certificates of Deposit	73,209
Total	\$2,327,148

4. PROMISES TO GIVE

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimate of future cash flows. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give:

Unrestricted	
Amounts Due:	
Less than one year	\$2,296
One to five years	482
Restricted	
Amounts Due:	
Less than one year	36,867
One to five years	34,280
Total	\$73,925

STARK STATE COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily and permanently restricted assets are those whose use by the Foundation has been limited by the donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships to the College's students, providing professional development funds to the College staff and purchasing equipment for the benefit of the College. Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships to the College's students.

The temporarily restricted net assets as of June 30, 2011 are classified as follows:

Scholarships for Students:

Akron Children's Hospital Scholarship	\$ 3,108
Albert, Leon & Helene Scholarship	40
Alumni Class Scholarships	1,323
Aultman Hospital Scholarship	2,960
Bobbitt, Robert T. and Hortense Scholarship	1,374
Cain, Edward and Henry Automotive Scholarship	10,526
Canton APICS Scholarship	441
Canton Carnival of Wheels Scholarship	2,000
Cleveland Auto Dealers Association Scholarship	5,000
Colaner, David & Pauline Scholarship	633
Deuble Foundation Scholarship	544
Diebold Foundation Scholarship	7,383
Diversity Scholarship	6,255
Engineering Memorial Scholarship	416
Faculty Association Scholarship	1,576
Feaser, Paul & Susan Scholarship	558
GAR Foundation Scholarship	5,393
Hamilton, Lynn Scholarship	663
Hoover, Herbert Scholarship	4,117
Huston, Doris Scholarship	46
Jones, Para Scholarship	585
Kaaikaula, Sarah Scholarship	547
Kallis, Mel Scholarship	1,766
Kids College Scholarship	253
Kismet Foundation Scholarship	882
Krugliak, Samuel Scholarship	686
Lemon, George W. Scholarship	867
Loew Family Scholarship	6
McGrath, John Presidential Scholarship	6,375
Rank, Ada & Helen Scholarship	881
SCADA Automotive Scholarship	80
Schiltz, William & Barbara Scholarship	3,602
Shannon, Mary & Joseph Scholarship	399
Silk, Fred F. Scholarship	35,907
Smerglia, Larry Scholarship	293
Smith, Marge Scholarship	604

STARK STATE COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Stark Community Foundation Scholarship	2,577
Stevens, Eddie & Madeline Scholarship	405
Student Scholarship	14,890
Walters, Jeffrey & Brenda Scholarship	168
West, Charles H. & Virginia C. Scholarship	867
Wilkof, Edward & Ruth Scholarship	42
Wilkof, Ervin & Marie Scholarship	3,225
Wilkof, Ronald & Ruthanne Scholarship	295
Total Scholarships for Students	<u>130,558</u>
Professional Development:	
Faculty and Staff Professional Development	<u>9,765</u>
Total Professional Development	9,765
Departmental Equipment and Supplies:	
Instructional Resources	1,755
Paramedics/RN Lab Equipment	<u>9,405</u>
Total Departmental Equipment and Supplies	11,160
<hr/>	
Total Temporarily Restricted Net Assets	<u><u>\$151,483</u></u>

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

Purpose Restriction Accomplished:

Scholarships for Students:

AEP Ohio Scholarship	\$25,000
Canton Carnival of Wheels Scholarship	7,500
Cleveland Auto Dealers Association Scholarship	5,000
Cross, Stacie Paramedic Scholarship	500
Graco Engineering Scholarship	10,000
Schonhoft, Daniel Scholarship	<u>500</u>
Total Scholarships for Students	48,500

Departmental Equipment and Supplies:

Paramedic/ RN Lab Equipment	<u>3,300</u>
Total Departmental Equipment and Supplies	<u>3,300</u>

Total Net Assets Released from Donor Restriction \$51,800

STARK STATE COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

6. PERMANENTLY RESTRICTED NET ASSETS

Scholarships for Students:	
Abel, Larry Scholarship	\$ 6,105
Akron Children’s Hospital Scholarship	49,500
Albert, Leon & Helene Scholarship	16,242
Alumni Class Scholarships	79,373
Aultman Hospital Scholarship	30,250
Bobbitt, Robert T. and Hortense Scholarship	10,295
Bridgestone/Firestone Automotive Scholarship	12,550
Cain, Edward and Henry Automotive Scholarship	242,000
Canton APICS Scholarship	15,000
Canton Veteran Car Club Scholarship	5,000
Colaner, David & Pauline Scholarship	10,005
DeHoff Family Scholarship	4,750
Deuble Foundation Scholarship	100,000
Diebold Foundation Scholarship	100,000
Diversity Scholarship	61,717
Dominion East Ohio Gas Company Scholarship	10,000
Engineering Memorial Scholarship	19,333
Faculty Association Scholarship	17,489
Feaser, Paul & Susan Scholarship	14,470
Fisher, Janet C. Scholarship	36,078
Flowers, Albert & Edith Scholarship	21,500
Hallier, Robert & Celine Scholarship	5,102
Hamilton, Lynn Scholarship	5,000
Haverlock, William & Martha Scholarship	10,138
Hoover Foundation Scholarship	100,000
Hoover, Herbert Scholarship	100,000
Huston, Doris Scholarship	6,778
Jivens, John & Carol Scholarship	4,840
Jones, Para Scholarship	5,565
Kaaikaula, Sarah Scholarship	5,095
Kallis, Mel Scholarship	22,626
Kimble Foundation Scholarship	30,000
Kismet Foundation Scholarship	42,000
Krugliak, Samuel Scholarship	10,000
Lemon, George W. Scholarship	10,000
Loew Family Scholarship	5,835

STARK STATE COLLEGE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

6. PERMANENTLY RESTRICTED NET ASSETS (continued)

Luntz, William & Sharon Scholarship	10,456
Maloney, Dr. James & Sally Scholarship	10,198
McGrath, John Presidential Scholarship	79,957
Morford, Betty Scholarship	11,528
Rank, Ada & Helen Scholarship	30,000
Saums, Ned Scholarship	12,925
SCADA Automotive Scholarship	75,000
Schiltz, William and Barbara Scholarship	100,837
Shannon, Mary & Joseph Scholarship	5,000
Shreve, Zak & Ben Scholarship	4,723
Silk, Fred F. Scholarship	315,000
Smerglia, Larry Scholarship	4,500
Smith, Marge Scholarship	10,194
Stevens, Eddie & Madeline Scholarship	9,955
Student Scholarship	110,263
Student Services Scholarship	316
Walters, Jeffrey & Brenda Scholarship	4,963
West, Charles H. and Virginia C. Scholarship	10,000
Wilkof, Edward & Ruth Scholarship	15,000
Wilkof, Ervin & Marie Scholarship	41,250
Wilkof, Ronald & Ruthanne Scholarship	4,950
Young, Dale A. and Marguerite M. Scholarship	63,719
Total Scholarships for Students	2,155,370
Professional Development:	
Faculty and Staff Professional Development	114,646
Powers, Mary Professional Development	9,043
Total Professional Development	123,689
Departmental Equipment and Supplies:	
Instructional Resources	19,887
Total Departmental Equipment and Supplies	19,887
Total Permanently Restricted Net Assets	\$2,298,946

7. INCOME TAXES

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore makes no provision for income taxes. The Foundation is required annually to file IRS Form 990 which reports the activity of the Foundation during the fiscal year.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Trustees
Stark State College Foundation
Stark County
6200 Frank Ave. N.W.
North Canton, Ohio 44720-7299

We have audited the financial statements of the Stark State College Foundation, Stark County, Ohio (the Foundation), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Foundation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management, the audit committee, members of the Board, and others within the Foundation. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 22, 2011

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Dave Yost • Auditor of State

STARK STATE COLLEGE FOUNDATION

STARK 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
FEBRUARY 7, 2012**