

# **Stark State College Foundation**

**Financial Statements  
June 30, 2012**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stark State College Foundation, Stark County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 7, 2013

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# Stark State College Foundation

## Financial Statements

June 30, 2012

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## Independent Auditor's Report

To the Board of Directors of  
Stark State College Foundation  
6200 Frank Ave. N.W.  
North Canton, OH 44720-7299

To the Board of Directors:

We have audited the accompanying statement of financial position of Stark State College Foundation (the "Foundation") as of June 30, 2012, 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the Foundation as of June 30, 2012, and the changes in its 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 28, 2012, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
December 28, 2012

**STARK STATE COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2012**

**ASSETS**

Cash and cash equivalents		\$ 313,114
Unconditional promises to give		
Unrestricted		6,087
Restricted to instructional departments		6,270
Restricted to scholarships		282
Restricted to endowments		61,828
Interest receivable		299
Long-term investments		2,353,642
	<b>TOTAL ASSETS</b>	<b>\$ <u>2,741,522</u></b>

**LIABILITIES**

Accounts payable		\$ 113
	<b>TOTAL LIABILITIES</b>	<b>\$ <u>113</u></b>

**NET ASSETS**

Unrestricted		24,393
Temporarily restricted		303,902
Permanently restricted		2,413,114
	<b>TOTAL NET ASSETS</b>	<b>\$ <u>2,741,409</u></b>

		<b>\$ <u>2,741,522</u></b>
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The accompanying notes are an integral part of these financial statements.



**STARK STATE COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

**UNRESTRICTED NET ASSETS**

Support		
Individuals	\$	11,642
Corporations & foundations		531
Investment income		678
Investment gains (losses)		(1,920)
Net assets released from restrictions		
Restrictions satisfied by payments		<u>576,216</u>
	<b>TOTAL UNRESTRICTED SUPPORT</b>	<u>587,147</u>
Expenses		
Supporting college activities		
Scholarships for students		92,471
Instructional equipment & supplies		3,860
Professional development		3,699
Wind energy building		476,186
Operations		
Management and general		8,239
Transfer to temporarily restricted net assets		<u>46,947</u>
	<b>TOTAL UNRESTRICTED EXPENSES</b>	<u>631,402</u>
	<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	(44,255)

**TEMPORARILY RESTRICTED NET ASSETS**

Support for instructional departments		265
Support for scholarships & loans		33,040
Support for wind energy building		724,499
Investment income		20,233
Investment gains (losses)		(96,303)
Transfer from unrestricted net assets		46,947
Transfer to permanently restricted net assets		(46)
Net assets released from restrictions		
Restrictions satisfied by payments		<u>(576,216)</u>
	<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>152,419</u>

**PERMANENTLY RESTRICTED NET ASSETS**

Endowment fund support		114,408
Investment income		66
Investment gains (losses)		(352)
Transfer from temporarily restricted net assets		<u>46</u>
	<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>114,168</u>

**INCREASE IN NET ASSETS** 222,332

**NET ASSETS AT BEGINNING OF YEAR** 2,519,077

**NET ASSETS AT END OF YEAR** \$ 2,741,409

The accompanying notes are an integral part of these financial statements.

**STARK STATE COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	222,332
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized loss on investments		98,575
Net investment income from long-term investments		(20,648)
Contributions restricted for long-term investments		(114,408)
Changes in operating assets and liabilities:		
Unrestricted unconditional promises to give		(3,309)
Restricted unconditional promises to give		2,986
Prepaid expenses		2,560
Interest receivable		(296)
Accounts payable		113
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>187,905</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of long-term investments		(661,825)
Proceeds from sale of long-term investments		484,195
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(177,630)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Collections of endowment fund support		114,189
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>114,189</b>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		124,464
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>		<b>188,650</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>313,114</b>

The accompanying notes are an integral part of these financial statements.

**STARK STATE COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**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. If donor-imposed restrictions are met in the same year as they are imposed, the net assets are reported as unrestricted.

*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.

**STARK STATE COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 28, 2012, the date the financial statements were available to be issued.

**3. INVESTMENTS**

Investments consist of the following:

Equity Mutual Fund	\$ 1,452,790
Fixed Income	659,208
Money market funds	<u>241,644</u>
	\$ <u><u>2,353,642</u></u>

**STARK STATE COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. FAIR VALUE MEASUREMENTS**

Fair Value of Financial Instruments – The Foundation adopted applicable sections of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the investments)

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

The following is a summary of the inputs used as of June 30, 2012, in valuing the Foundation's investments carried at fair value:

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>		<u>Total</u>
Equity mutual funds	\$ 1,452,790	\$	-	\$	-	\$	1,452,790
Fixed income	659,208		-		-		659,208
Money market funds	<u>241,644</u>		<u>-</u>		<u>-</u>		<u>241,644</u>
	<u>\$ 2,353,642</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>2,353,642</u>

**5. ENDOWMENT FUND**

Net Asset Classification of Endowment Funds

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

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are

**STARK STATE COLLEGE FOUNDATION**  
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appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate 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 investment policies of the Foundation

During the year ended June 30, 2012, the Foundation had the following endowment related activities:

	<u>Donor- Restricted Endowment Funds</u>	<u>Board- Designated Endowment Funds</u>	<u>Total</u>
Investment return:			
Interest and dividends	\$ 20,299	\$ 349	\$ 20,648
Net realized and unrealized gain (loss)	<u>(96,655)</u>	<u>(1,920)</u>	<u>(98,575)</u>
Total investment return	(76,356)	(1,571)	(77,927)
Contributions	123,053	-	123,053
Appropriation of endowment assets for expenditure	(57,859)	-	(57,859)
Transfers in	<u>42,993</u>	<u>(38,156)</u>	<u>4,837</u>
Total change in endowment funds	\$ <u>31,831</u>	\$ <u>(39,727)</u>	\$ <u>(7,896)</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 44,737	\$ 2,351,286	\$ 2,396,023
Board-designated endowment funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	\$ <u>-</u>	\$ <u>44,737</u>	\$ <u>2,351,286</u>	\$ <u>2,396,023</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 39,727	\$ 126,855	\$ 2,237,337	\$ 2,403,919
Investment return:				
Interest and dividends	349	20,233	66	20,648
Net realized and unrealized gain (loss)	<u>(1,920)</u>	<u>(96,303)</u>	<u>(352)</u>	<u>(98,575)</u>
Total investment return	(1,571)	(76,070)	(286)	(77,927)
Contributions	-	8,864	114,189	123,053
Appropriation of endowment assets for expenditure	-	(57,859)	-	(57,859)
Transfers in (out)	<u>(38,156)</u>	<u>42,947</u>	<u>46</u>	<u>4,837</u>
Endowment net assets, end of year	\$ <u>-</u>	\$ <u>44,737</u>	\$ <u>2,351,286</u>	\$ <u>2,396,023</u>

**STARK STATE COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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Below is a reconciliation of permanently restricted net assets included in the endowment fund to total permanently restricted net assets:

Permanently restricted net assets within endowment fund	\$ 2,351,286
Permanently restricted contributions included in pledges receivable	<u>61,828</u>
Total permanently restricted net assets	\$ <u>2,413,114</u>

Return Objectives And Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of Stark State College. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as board-designated funds. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.

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 yield (interest and dividends). In recognition of the difficulty in predicting the direction of the markets or future state of the economy, the Foundation's assets are diversified among asset classes, managers/funds, and investment styles. The Board has determined that 60% to 70% of the investment portfolio be allocated to equities, including international securities, and 30% to 40% be allocated to fixed income or cash investments. The Board also reviews the portfolio on a regular basis (at least annually) to consider the portfolio's asset mix relative to its target and the allowable range around the target.

The investment strategy for the Foundation's portfolio indicates the principal category of equity investments will be common stocks with primary emphasis on high quality companies that are financially sound and that have favorable prospects for earnings growth. The largest percentage of fixed income investments will be invested in portfolios of high quality (primarily A- to AAA- rated) corporate bonds, U.S. Treasury and U. S. Government Agency securities. Investments in foreign securities may comprise 15% to 25% of equity investments based upon market conditions and investment manager discretion.

In addition to asset classes, the Foundation may be diversified between managers/funds and investment styles, as well. The purpose of this approach is to incorporate prudent diversification within the Foundation, enhancing expected returns, and/or reducing risk of the total portfolio. This structure will be reviewed by the investment committee on an ongoing basis as part of the overall monitoring process.

Spending Policy

The Foundation's spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 6% of the three-year average market value of a designated endowment fund to be distributed yearly. Spending may include net realized gains earnings over that three-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income-net of

**STARK STATE COLLEGE FOUNDATION**  
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external and internal fees and previously designated spending amount) above 6% will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the investment committee and recommendations for any changes are forwarded to the full Board for review and approval.

**6. 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:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Less than one year	\$ 3,041	\$ 23,223	\$ 26,264
One to five years	3,046	45,157	48,203
	\$ 6,087	\$ 68,380	\$ 74,467

**7. 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 & loans 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, 2012 are classified as follows:

Scholarships & Loans for Students:

Abel, Larry Scholarship	\$	455
Akron Children's Hospital Scholarship		1,856
Aultman Hospital Scholarship		830
Bobbitt, Robert T. and Hortense Scholarship		583
DeHoff Family Scholarship		45
Diebold Foundation Scholarship		6,744
Diversity Scholarship		1,651
Faculty Association Scholarship		1,284
Feaser, Paul & Susan Scholarship		403
Hamilton, Lynn Scholarship		298
Huston, Doris Scholarship		341
Jivens, John & Carol Scholarship		54
Jones, Para Scholarship		221
Kaaikaula, Sarah Scholarship		338
Kallis, Mel Scholarship		213
Kids College Scholarship		282
Kimble Scholarship		3,140
Kismet Foundation Scholarship		917
Lemon, George W. Scholarship		120
Loew Family Scholarship		331
Maloney, Dr. James & Sally Scholarship		86
McGrath, John Presidential Scholarship		352
McIntosh, Walter & Bess Scholarship		113
Rank, Ada & Helen Scholarship		55
Sabe, Ahmed Scholarship		226
Shannon, Mary & Joseph Scholarship		330



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Shreve, Zak & Ben Scholarship	42
Silk, Fred F. Scholarship	12,212
Smerglia, Larry Scholarship	199
Smith, Marge Scholarship	471
Stevens, Eddie & Madeline Scholarship	289
Student Scholarship	6,725
Student Services Scholarship	17
Veterans Loan Program	4,300
Walters, Jeffrey & Brenda Scholarship	299
West, Charles H. & Virginia C. Scholarship	120
Wilkof, Ervin & Marie Scholarship	1,504
Wilkof, Ronald & Ruthanne Scholarship	<u>315</u>
Total Scholarships & Loans for Students	47,761

Professional Development:	<u>1,187</u>
Faculty and Staff Professional Development	1,187
Total Professional Development	

Departmental Equipment and Supplies:	
Instructional Resources	371
Paramedics/RN Lab Equipment	6,270
Timken Wind Energy Building Equipment	<u>248,313</u>
Total Departmental Equipment and Supplies	<u>254,954</u>

Total Temporarily Restricted Net Assets \$ 303,902

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

Purpose Restriction Accomplished

Scholarships & Loans for Students:

Albert, Leon & Helene Scholarship	\$ 331
Alumni Class Scholarship	2,203
Aultman Hospital Scholarship	783
Bobbitt, Robert T. and Hortense Scholarship	322
Cain, Edward and Henry Automotive Scholarship	7,124
Canton Carnival of Wheels Scholarship	13,000
Cleveland Auto Dealers Association Scholarship	15,000
Colaner, David & Pauline Scholarship	243
Cross, Stacie Scholarship	500
Deuble Foundation Scholarship	2,846
Diversity Scholarship	1,881
Dominion East Ohio Gas Company Scholarship	199
Engineering Memorial Scholarship	541
Fisher, Janet C. Scholarship	872
Flowers, Albert & Edith Scholarship	374
GAR Foundation Scholarship	5,393
Graco Engineering Scholarship	10,000
Hamilton, Lynn Scholarship	135
Haverlock, William & Martha Scholarship	81
Hoover Foundation Scholarship	2,435
Hoover, Herbert Scholarship	2,986
Jones, Para Scholarship	115
Kallis, Mel Scholarship	593
Kid's College Scholarship	711

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Krugliak, Samuel Scholarship	303
Lemon, George W. Scholarship	304
Luntz, William & Sharon Scholarship	170
McGrath, John Presidential Scholarship	2,498
Morford, Betty Scholarship	284
Rank, Ada & Helen Scholarship	529
Saums, Ned Scholarship	345
SCADA Automotive Scholarship	1,631
Schonhoft, Daniel Scholarship	500
Silk, Fred F. Scholarship	9,403
Smith, Marge Scholarship	152
Stark Community Foundation Scholarship	2,577
Student Scholarship	3,367
West, Charles H. and Virginia C. Scholarship	304
Wilkof, Ervin & Marie Scholarship	834
Young, Dale A. and Marguerite M. Scholarship	<u>602</u>
Total Scholarships for Students	92,471
 Professional Development:	
Faculty and Staff Professional Development	3,503
Powers, Mary Professional Development	<u>196</u>
Total Professional Development	3,699
 Departmental Equipment and Supplies:	
Paramedic/RN Lab Equipment	3,300
Timken Wind Energy Building	476,186
Instructional Resources	506
Pathways to the Future	<u>54</u>
Total Departmental Equipment and Supplies	<u>480,046</u>
 Total Net Assets Released from Donor Restriction	 \$ <u><u>576,216</u></u>

**8. PERMANENTLY RESTRICTED NET ASSETS**

Scholarships & Loans for Students:	
Abel, Larry Scholarship	\$ 8,449
Akron Children's Hospital Scholarship	50,000
Albert, Leon & Helene Scholarship	17,242
Allied Dental Health Professionals Scholarship	2,660
Alumni Class Scholarships	80,578
Aultman Hospital Scholarship	30,250
Automotive Department Scholarship	805
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	4,800
Deuble Foundation Scholarship	100,000
Diebold Foundation Scholarship	100,000
Diversity Scholarship	61,731
Dominion East Ohio Gas Company Scholarship	10,000
Droney, Michael Scholarship	4,775
Engineering Memorial Scholarship	20,478
Faculty Association Scholarship	19,766

**STARK STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

Feaser, Paul & Susan Scholarship	11,000
Fisher, Janet C. Scholarship	36,078
Flowers, Albert & Edith Scholarship	21,500
Hallier, Robert & Celine Scholarship	6,102
Hamilton, Lynn Scholarship	5,500
Haverlock, William & Martha Scholarship	10,068
Hoover Foundation Scholarship	100,000
Hoover, Herbert Scholarship	100,000
Huston, Doris Scholarship	8,571
Jivens, John & Carol Scholarship	4,893
Jones, Para Scholarship	19,869
Kaaikaula, Sarah Scholarship	5,195
Kallis, Mel Scholarship	22,931
Kimble Foundation Scholarship	60,000
Kismet Foundation Scholarship	42,000
Krugliak, Samuel Scholarship	10,000
Lavery, William Scholarship	4,825
Lemon, George W. Scholarship	10,000
Loew Family Scholarship	11,717
Luntz, William & Sharon Scholarship	11,456
Maloney, Dr. James & Sally Scholarship	10,713
Mann, Roger & Kathleen Veterans Scholarship	5,000
McGrath, John Presidential Scholarship	80,457
McIntosh, Walter & Bess Scholarship	2,500
Morford, Betty Scholarship	11,880
Rank, Ada & Helen Scholarship	35,000
Sabe, Ahmed Scholarship	5,000
Saums, Ned Scholarship	12,966
SCADA Automotive Scholarship	75,000
Schiltz, William and Barbara Scholarship	100,837
Shannon, Mary & Joseph Scholarship	5,000
Shreve, Zak & Ben Scholarship	4,776
Silk, Fred F. Scholarship	315,000
Smerglia, Larry Scholarship	6,000
Smith, Marge Scholarship	14,493
Stevens, Eddie & Madeline Scholarship	10,022
Stokes, Marie Scholarship	1,022
Student Scholarship	112,592
Student Services Scholarship	578
Walters, Jeffrey & Brenda Scholarship	6,953
West, Charles H. and Virginia C. Scholarship	10,000
Westerbeck, John Scholarship	4,800
Wilkof, Edward & Ruth Scholarship	15,000
Wilkof, Ervin & Marie Scholarship	41,500
Wilkof, Ronald & Ruthanne Scholarship	9,800
Williams, Charles Scholarship	461
Young, Dale A. and Marguerite M. Scholarship	<u>63,502</u>
Total Scholarships for Students	2,268,941
Professional Development:	
Faculty and Staff Professional Development	114,646
Powers, Mary Professional Development	<u>9,593</u>
Total Professional Development	124,239

**STARK STATE COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

Departmental Equipment and Supplies:	
Instructional Resources	<u>19,934</u>
Total Departmental Equipment and Supplies	<u>19,934</u>
 Total Permanently Restricted Net Assets	 <u>\$ 2,413,114</u>

**9. 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.

**10. RELATED ORGANIZATIONS**

A significant portion of the general and administrative expenses of the Foundation, including salaries, are paid directly by the College and are therefore not reflected as operating expenses of the Foundation. The Foundation contributes funds to the College for scholarships, instructional equipment, supplies and buildings. During the year ended June 30, 2012, the Foundation contributed \$576,216 to the College for scholarships, instructional equipment and supplies and buildings.

**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  
Stark State College Foundation

We have audited the financial statements of the Stark State College Foundation (the “Foundation”), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. 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.

**Internal Control over Financial Reporting**

Management of the Foundation is responsible for establishing and maintaining effective 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 auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion 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, 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 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.

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 to be material weaknesses, as defined above.

Board of Directors  
Stark State College Foundation

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and the Ohio Auditor of State's office and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
December 28, 2012



# 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  
JANUARY 17, 2013**