

North Central State College Foundation



Yellow Book Report

June 30, 2016

PLATTENBURG
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
North Central State College Foundation, Inc.
2441 Kenwood Circle
Mansfield, OH 44906

We have reviewed the *Independent Auditor's Report* of the North Central State College Foundation, Inc., Richland County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 North Central State College Foundation, Inc. is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 23, 2016

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

Board of Trustees
North Central State College Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Central State College Foundation, Inc. (the Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 2, 2016

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North Central State College Foundation



Financial Statements

June 30, 2016

PLATTENBURG
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Central State College Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the North Central State College Foundation, Inc. (the Foundation), a component unit of North Central State College, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 Foundation as of June 30, 2016, and the changes in its net assets and its cash flows 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 December 2, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

December 2, 2016

North Central State College Foundation, Inc.

Statement of Financial Position

As of June 30, 2016

ASSETS

Cash and cash equivalents	\$206,611
Investments	3,333,289
Interest in Assets held by Richland County Foundation	350,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	343,354
Accounts Receivable	4,722
Prepaid Expense	0
Emergency Loan Receivable	0
Capital Assets, Net	2,007
	<hr/>
Total Assets	<u>\$4,239,983</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$14,999
Deferred Income	0
	<hr/>
Total Liabilities	14,999
	<hr/>
Net Assets:	
Unrestricted	(298,574)
Temporarily Restricted	704,729
Temporarily Restricted-Assets held by Richland County Foundation	350,000
	<hr/>
Total Temporarily Restricted	1,054,729
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Permanently Restricted	3,468,829
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Total Net Assets	4,224,984
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Total Liabilities and Net Assets	<u>\$4,239,983</u>

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

North Central State College Foundation, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</u>				
Contributions, net of future values and bad debts	\$67,988	\$249,513	\$79,462	\$396,963
Investment income, including realized and unrealized gains and losses, net		(353)	0	(353)
Richland County Foundation Revenue	36,244	0	0	36,244
Fundraising Revenue	138,402	0	0	138,402
Other Revenue	58,473	0	0	58,473
Net assets released from restrictions	604,253	(604,253)	0	0
	<u>905,360</u>	<u>(355,093)</u>	<u>79,462</u>	<u>629,729</u>
<u>EXPENSES</u>				
Program Services:				
Scholarships	604,253	0	0	604,253
Entrepreneur Hall of Fame	45,825	0	0	45,825
Professional development	250	0	0	250
Personnel reimbursement	165,735	0	0	165,735
Management and General:				
Investment Expense	2,107	0	0	2,107
Fundraising	151,210	0	0	151,210
Materials and Supplies	167	0	0	167
Contractual Services	4,010	0	0	4,010
Outreach Fund	2,645	0	0	2,645
Other Expense	30,686	0	0	30,686
	<u>1,006,888</u>	<u>0</u>	<u>0</u>	<u>1,006,888</u>
Changes in Net Assets	(101,528)	(355,093)	79,462	(377,159)
Net Assets, Beginning of Year	(197,046)	1,409,822	3,389,367	4,602,143
Net Assets, End of Year	<u>(\$298,574)</u>	<u>\$1,054,729</u>	<u>\$3,468,829</u>	<u>\$4,224,984</u>

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

North Central State College Foundation, Inc.

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2016

Cash Flows from Operating Activities:	
Change in net assets	(\$377,159)
Adjustments to reconcile net assets to net cash used for operating activities:	
Depreciation	0
Decrease in contributions receivable	158,940
Decrease in prepaid expenses	30,789
Increase in accounts receivable	(4,722)
Decrease in accounts payable	(19,163)
Decrease in deferred revenue	(17,100)
Contributions restricted for investment in endowment	<u>(79,462)</u>
 Total adjustments	 <u>69,282</u>
 Net cash used for operating activities	 (307,877)
 Cash flows from investing activities:	
Proceeds from sales of investments	3,035,749
Purchase of investments	<u>(3,333,289)</u>
 Net cash provided by investing activities	 (297,540)
 Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>79,462</u>
 Net cash provided by financing activities	 <u>79,462</u>
 Cash flows from capital and related financing activities:	
Purchase of capital assets, net of depreciation	<u>0</u>
 Net cash provided by capital and related financing activities	 0
 Net increase in cash and cash equivalents	 (525,955)
Cash and cash equivalents at beginning of year	<u>732,566</u>
Cash and cash equivalents at end of year	<u><u>\$206,611</u></u>

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

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

1. DESCRIPTION OF THE FOUNDATION

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting, under the provisions of FASB Accounting Standards Codification (ASC) No. 958 "Not-for-Profit Entities". The Foundation is a not-for-profit organization established in accordance with Section 501(c) (3) of the Internal Revenue Code. The Foundation operates under a Board of Trustees who is appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Foundation reports unconditional promises to give, with payments due in future periods, 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

The Foundation reports 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 each 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.

Permanently Restricted Net 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 Revenues, Expenses, and Changes in Net Assets.

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 Revenues, Expenses, and Changes in Net Assets as net assets released from restrictions.

There are terminology differences due to the College implementing GASB Statements 63 and 65. During fiscal year 2013 the College implemented the above mentioned statements which resulted in a terminology change for reporting from the term "net assets" to "net position". The Statements of Financial Position and the Statement of Activities use this terminology to be consistent with the College's reporting. However, the terminology has not been changed in this footnote.

With the exceptions of the above mentioned presentation adjustments to conform to the College's GASB reporting format, no modifications have been made to the Foundation's financial information in the College's financial report.

Cash and Cash Equivalents

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

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Foundation reports 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 Net Assets. 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.

Donated Service and Facilities

The Foundation has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by business office personnel who are employees of North Central State College, utilizing equipment and facilities of North Central State College.

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by College personnel have been recognized in the Statement of Revenues, Expenses, and Changes in Net Assets as personnel reimbursement expenses as required by the accrual basis of accounting.

Contributions Receivable

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 \$10,000 to establish a scholarship fund.

Prepaid Expenses

Certain payments to vendors for fundraising activities reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets acquired by the Foundation consist of office equipment. All expenditures for capital assets in excess of \$1,000 are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets not to exceed ten years.

Deferred Income

Deferred income results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred income is recognized as revenue in the period that the fundraising activity actually occurs.

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.

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 those changes could materially affect the amounts reported in the financial statements.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

3. INVESTMENTS (Continued)

At June 30, 2016, investments consisted of the following:

	Market / Carrying Value	Maturity					
		Less Than One Year	1-2 years	3-5 years	6-7 Years	Various within Fund	No Maturity
Money Market							
Investments - US	\$ 198,276	\$ 198,276	\$ -	\$ -	\$ -	\$ -	\$ -
Coporate Bonds	\$ 50,143	\$ -	\$ 50,143	\$ -	\$ -	\$ -	\$ -
Mututal Funds - Fixed	\$ 860,349	\$ 71,920	\$ 179,801	\$ 107,880	\$ -	\$ 500,748	\$ -
Mututal Funds - Equity	\$ 1,124,391	\$ -	\$ -	\$ -	\$ -	\$ 1,124,391	\$ -
Common Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADR / Foreign Equities	\$ 622,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 622,671
Perferred Stock	\$ 163,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,297
ADR / Foreign Preferred	\$ 287,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,071
REIT	\$ 11,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,642
Rights and Warrants	\$ 11,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,834
Marketable LLC	\$ 3,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,615
Partnerships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,333,289	\$ 270,196	\$ 229,944	\$ 107,880	\$ -	\$ 1,625,139	\$ 1,100,130

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in ASC No. 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or 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 rise in pricing an asset or liability.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

3. INVESTMENTS (Continued)

The fair value of investments held by the Foundation at June 30, 2016 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Investments - US Government Obligations	\$ 198,276	\$ -	\$ -
Corporate Bonds	\$ 50,143	\$ -	\$ -
Mutual Funds - Fixed Income	\$ 860,349	\$ -	\$ -
Mutual Funds - Equity Securities	\$ 1,124,391	\$ -	\$ -
Common Stock	\$ -	\$ -	\$ -
ADR/ Foreign Equities	\$ 622,671	\$ -	\$ -
Preferred Stock	\$ 163,297	\$ -	\$ -
ADR/ Foreign Preferred	\$ 287,071	\$ -	\$ -
REIT	\$ 11,642	\$ -	\$ -
Rights and Warrants	\$ 11,834	\$ -	\$ -
Marketable LLC	\$ 3,615	\$ -	\$ -
Partnerships	\$ -	\$ -	\$ -
Total	\$ 3,333,289	\$ -	\$ -

4. CONTRIBUTIONS RECEIVABLE

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 estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The discount rate used for the year ended June 30, 2016 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions of those promises have been met.

Contributions receivable consisted of the following at June 30, 2016:

Unconditional promises to give before unamortized discount and allowance for uncollectible contributions:

Unrestricted	\$ 5,700
Temporarily restricted	252,190
Permanently restricted	147,998
Gross unconditional promises to give	<u>405,888</u>
Less: Unamortized discount	(21,945)
Less: Allowance for uncollectible contributions	<u>(40,589)</u>
Amounts due:	
Less than one year	<u><u>\$343,354</u></u>

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

5. TEMPORARILY RESTRICTED NET ASSETS

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

Scholarships for Students	\$90,520
Grants	15,784
Other	497,949
Total Released Net Assets	<u>\$604,253</u>

Temporarily and permanently restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for the use of providing scholarships to the College's students, providing professional development funds to the College staff and for 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 different types of temporarily restricted net assets are classified as follows:

Scholarships for Students:	
ADA Ford Educ Aid	\$ 5,629
Alumni Association	13,338
Bennett	831
Brown Respiratory Care	1,867
Cardwell Neer	1,000
Carter Memorial	3,274
Chambers	71
Cobey	373
Coleman	1,000
Cress	958
Emerson	4,442
Dewald	750
Faculty	306
Galion FOP	1,894
Garber	1,416
Gimble - Health Chair	40,981
G-R Civic	497
G-R Rupp	4,138
Gubkin	194
Hahn	21
Haring	2,463
Jenko	30,235
Kroger	1,000
MIMA - Urban Center	2,102
Martin Speech	400
Necessities	22,226
Necessities - Crawford	10,996
Necessities - Shelby	11,171
Necessities - Wayne	5,718
Nursing	7,921
Orange and Blue	8,729

North Central State College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

5. TEMPORARILY RESTRICTED NET ASSETS (Continued)

PTA Fund	1,000
Phillips Fund	3,294
Phillips E Troop	1,976
Plotts	565
President Emeritus	414
Preston	1,003
RMC	2,933
Scheaffer	501
Searle - PTA	9,863
Searle - RN	8,359
Welsh	2,417
Vetter	294
YES Entrepreneur	2,486
ADA Ford Summer Access	75,000
Ambassador	4,977
CDC Small Steps	884
Gimbel Scholarship	17,069
Gorman Fund	30,736
Scholarships (General)	24,522
Mansfield University	3,483
Rable Machine Scholarship	1,261
Tuition Freedom	4,326
Radiology Merit Scholarship	3,091
Tech Prep	8,254
Equipment	14,568
CC Project Fund	38,170
College Project Fund	17,142
Crawford Cty Project Fund	94,180
Restricted Projects	673
Urban Center Fund	70,643
Temporarily Restricted Other	74,704
	\$ 704,729

6. PERMANENTLY RESTRICTED NET ASSETS

Endowment Scholarships for Students:	
Avita Health	\$ 10,000
ADA Ford Educ Aid	20,000
Alumni Association	20,593
Bennett	20,021
Brown Respiratory Care	12,116
Cardwell Neer	10,073
Carter Memorial	31,267
Chambers	4,250
Cobey	19,201
Coleman	23,178

North Central State College Foundation, Inc.*Notes to the Financial Statements**For the Fiscal Year Ended June 30, 2016***6. PERMANENTLY RESTRICTED NET ASSETS (Continued)**

Cress	26,800
Diab	7,276
Dewald	22,854
Emerson	105,402
Faculty	12,012
Galion FOP	13,376
Garber	29,355
Gimble - Health Chair	660,000
G-R Civic	22,463
G-R Rupp	56,661
Gubkin	10,213
Hahn	1,250
Haring	24,334
Jenko	699,933
Kroger	36,129
MIMA - Urban Center	15,866
Martin Speech	12,244
Necessities	141,273
Necessities - Crawford	54,950
Necessities - Shelby	62,166
Necessities - Wayne	26,275
Nursing	237,473
Orange and Blue	345,843
PTA Fund	34,325
Phillips	48,000
Phillips E Troop	26,973
Plotts Endowment	8,853
President Emeritus	20,320
Preston	37,235
RMC	24,072
Sheaffer	11,658
Searle - PTA	97,750
Searle - RN	97,750
Welsh	53,678
Vetter	12,125
YES Entrepreneur	40,835
Restricted Contributions	160,408
	<u>\$ 3,468,829</u>

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

6. PERMANENTLY RESTRICTED NET ASSETS (Continued)

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of June 30, 2016.

Endowment Composition:

Endowment Net Assets Composition by Type of Fund as of June 30, 2016

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total Endowment
Donor -restricted endowment funds	\$ -	\$ -	\$ 3,468,829	\$ 3,468,829
Board-designated endowment funds	-	-	-	-
Total Funds	\$ -	\$ -	\$ 3,468,829	\$ 3,468,829

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	Unrestricted Endowment	Temporarily Restricted Endowment	Permanently Restricted Endowment	Total Endowment
Endowment net assets, beginning of year			\$ 3,389,367	\$ 3,389,367
Investment income, including realized and unrealized gains and losses		(8,868)		(8,868)
Contributions			79,462	79,462
Appropriation of endowment assets for expenditure		8,868		8,868
Endowment net assets, end of year	\$ -	\$ -	\$ 3,468,829	\$ 3,468,829

North Central State College Foundation, Inc.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

7. RICHLAND COUNTY FOUNDATION

During 1991, the Foundation established a “Direct Fund” in which an irrevocable gift was made to the Richland County Foundation. This fund is identified by the Richland County Foundation as the North Central State College Foundation “Endowment Fund” and is subject to the provisions contained within the fund agreement dated December 31, 1991. This fund is the property of the Richland County Foundation, whereby, those funds will be held in perpetuity, and the investment income will be distributed to the Foundation annually to benefit the North Central State College. One of the provisions in this fund agreement, the variance power, concerns the power to vary some of the terms of the agreement. As defined by United States Treasury Regulations, the Richland County Foundation has the right to modify the terms of the fund agreement if in the judgment of the Richland County Foundation’s Board of Trustees, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

The portion of this fund contributed by the Foundation is considered a reciprocal transfer because the Foundation is also the beneficiary of this fund. This balance is shown on the Richland County Foundation’s Statement of Financial Position as a liability called “Funds Held as Agency Endowments”. This amounted to \$350,000 at June 30, 2016.

Also, the portion of this fund contributed by unrelated third party donors is considered a contribution to the Richland County Foundation and is included in the net assets of Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2016 totaled \$306,263.

8. INCOME TAXES

The Foundation is a not-for-profit corporation as described in Section 501 (c) (3) of the Internal Revenue Code, and the organization is exempt from federal and state income taxes.

9. RELATED PARTY

The Foundation is affiliated with the College. During the year ended June 30, 2016, the College provided the Foundation with professional services valued at \$165,735. The value of those services is included as personnel reimbursement expenses in the financial statements.

During the year ended June 30, 2016, the Foundation provided scholarships and support to the College of \$604,253.



Dave Yost • Auditor of State

NORTH CENTRAL STATE COLLEGE FOUNDATION

RICHLAND 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 5, 2017**