



Rea & associates *a brighter way*

Eastern Gateway Community College Foundation

(A Component Unit of Eastern Gateway Community
College)

Jefferson County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board Members
Eastern Gateway Community College Foundation, Inc.
110 John Scott Highway
Steubenville, Ohio 43952

We have reviewed the *Independent Auditor's Report* of the Eastern Gateway Community College Foundation, Inc., Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Eastern Gateway Community College Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 4, 2020

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

**JEFFERSON COUNTY, OHIO
JUNE 30, 2019**

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December 26, 2019

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Gateway Community College Foundation (the Foundation), a component unit of Eastern Gateway Community College, which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Gateway Community College Foundation, as of June 30, 2019, and the changes in net assets and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

Eastern Gateway Community College Foundation, Inc.
Statement of Financial Position
As of June 30, 2019

Assets	
Cash and cash equivalents	\$ 187,738
Investments	698,600
Total Assets	<u>\$ 886,338</u>
Net Assets	
Without donor restrictions	\$ 133,930
With donor restrictions	752,408
Total Net Assets	<u>\$ 886,338</u>

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College Foundation, Inc.
Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue, Gains and Other Support</u>			
Contributions	\$ 10,117	\$ 182,180	\$ 192,297
Non-monetary contributions	251,645	-	-
Investment Income			
Dividends, interest and realized gain	-	15,619	15,619
Net unrealized gain	-	47,487	47,487
Net Assets released from restrictions	<u>178,073</u>	<u>(178,073)</u>	<u>-</u>
Total Revenue, Gains and Support	439,835	67,213	\$ 507,048
<u>Expenses</u>			
Program Expenses	178,073	-	178,073
Management and General	<u>271,871</u>	<u>-</u>	<u>271,871</u>
Total Expenses	<u>449,944</u>	<u>-</u>	<u>449,944</u>
Change in Net Assets	(10,109)	67,213	57,104
Net Assets - July 1, 2018	<u>144,039</u>	<u>685,195</u>	<u>829,234</u>
Net Assets - June 30, 2019	<u>\$ 133,930</u>	<u>\$ 752,408</u>	<u>\$ 886,338</u>

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

Eastern Gateway Community College Foundation, Inc.
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
FUNCTIONAL EXPENSES:				
Personnel Costs	\$ -	\$ 251,645	\$ -	\$ 251,645
Professional services	-	4,148	-	4,148
Miscellaneous other	-	16,078	-	16,078
	<hr/>	<hr/>	<hr/>	<hr/>
Functional expenses, subtotal	-	271,871	-	271,871
Awards and grants	121,522	-	-	121,522
Scholarships and student support	56,551	-	-	56,551
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Total functional expenses	<u>\$ 178,073</u>	<u>\$ 271,871</u>	<u>\$ -</u>	<u>\$ 449,944</u>

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College Foundation, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

Cash flow from operating activities	
Change in Net Assets	\$ 57,104
Adjustments to reconcile changes in net assets to cash provided by operating activities:	
Net Unrealized Gain on Investments	<u>(47,487)</u>
Net Cash provided by operating activities	9,617
Cash flow from financing activities	
Net Purchase of investments	(150,000)
Net Sale of Investments	<u>63,012</u>
Net cash used in financing activities	(86,988)
Net decrease in cash and cash equivalents	(77,371)
Cash and cash equivalents, beginning of year	<u>\$ 265,109</u>
Cash and cash equivalents, end of year	<u><u>\$ 187,738</u></u>

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Eastern Gateway Community College Foundation, Inc. (the “Foundation”) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Purpose

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

Affiliates

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

Use of Management Estimates

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

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the previous reporting model for not-for-profit organizations and enhances their required disclosures. The major changes relevant to the Foundation include; (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions, (b) requiring that all not-for-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, presenting investment return net of external and internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. The Foundation has adopted this ASU as of and for the year ended June 30, 2019.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Financial Statement Presentation

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

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

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

Revenue and Support Recognition

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

Contributions

Contributions received are recorded as net assets with or without restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Services Received from Personnel of an Affiliate

The Foundation records as in-kind revenue and expense, the amount of services provided by personnel of an affiliate for which the Foundation is not charged. This amount is determined by either the cost recognized by the affiliate for the personnel providing the service, or the fair value of that service.

The College provides an annual budget for personnel and general operating expenses of the Foundation, as well as the facilities occupied by the Foundation. The College also assists the Foundation in fund-raising, gift processing and accounting. The value of this operating budget, office space, and services provided constitutes in-kind revenue that the Foundation records in the statement of activities as in-kind revenue and expense. These operating costs provided by the College were \$251,645 for the year ended June 30, 2019.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at its net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a risk-free interest rate determined at the time of the pledge. The Foundation had no pledges receivable as of June 30, 2019.

Investments in Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value within the statements of financial position. Donated investments are recorded at fair value at the time of donation. Net realized and unrealized gains and losses are reported within the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations.

Fair Value of Financial Instruments

The carrying values of the Foundation's financial instruments in the statements of financial position approximate their respective estimated fair value at June 30, 2019. The Foundation estimates fair values of its financial instruments using available quoted market information in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Different market assumptions might have a material effect on the estimated fair value amounts.

Donor Restricted Endowment Funds

The provisions of FASB ASC 958-205-45 provides guidance on classifying the net assets associated with donor restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Additional disclosures about endowments for both donor-restricted funds and board designated funds for all organizations, including those that are not yet subject to an enacted version of UPMIFA, are required to enable users to understand its endowment funds' net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, certain unrelated business activities may be subject to federal income taxes. The Foundation had no unrelated business activities and therefore, no provision for such taxes was necessary for the years ended June 30, 2019.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally accepted accounting principles require the Foundation to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Recently Issued But Not Yet Effective Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09 entitled “Revenue from Contracts with Customers (Topic 606),” which will change the Foundation’s method of revenue recognition. This new standard is effective for the Foundation’s annual reporting periods beginning after December 15, 2018. Early implementation is permitted. The provisions of this standard will be applied retrospectively. Management is currently evaluating the impact of this provision on the Foundation’s financial statements.

In February 2016, the FASB issued ASU No. 2016-02 entitled “Leases (Topic 842),” which will change the Foundation’s statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is currently effective for the Foundation’s annual reporting periods beginning after December 15, 2020. Early implementation is permitted. Management is currently evaluating the impact of this provision on the Foundation’s financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through December 26, 2019, the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk – Cash Deposits

The Foundation maintains its cash and cash equivalents balances at Huntington Bank in Steubenville, Ohio. Deposits in interest-bearing and non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a coverage limit of \$250,000. Uninsured cash funds held by the institution are subject to a collateral agreement covering all public funds held by the institution. As of June 30, the Foundation had a balance of \$85,888 at this institution. The difference between bank balance and carry balance represents normal reconciling items.

Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of investments. Exposure to losses on pledges receivable is dependent on each donor’s financial condition. The Foundation monitors the exposure for credit losses including each donor’s compliance with terms of the pledge and determines allowances, if any, for anticipated losses.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 2: RISKS AND UNCERTAINTIES (Continued)

Market Risk – Marketable Securities

The financial statements include investments in debt and equity securities. The underlying investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the inherent level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

NOTE 3: INVESTMENTS

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

Equity Mutual Fund	\$481,142
Fixed Income and Corporate Bonds	180,450
Real Estate Investment Trust	3,972
Other	<u>33,036</u>
Total	<u>\$698,600</u>

As defined in FASB ASC 820, fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

Level 2 Inputs - Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 3: INVESTMENTS (Continued)

The following is a summary of the inputs used as of June 30, 2019, in valuing the Foundation's investments carried at fair value:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 481,142	\$ -	\$ -	\$ 481,142
Fixed Income/Corporate Bonds	180,450	-	-	180,450
Real Estate Investment Trust	3,972	-	-	3,972
Other	33,036	-	-	33,036
Total	\$ 698,600	\$ -	\$ -	\$ 698,600

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

NOTE 4: ENDOWMENT COMPOSITION

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

Distributions from the endowment funds are spent in compliance with the donor's restrictions applicable to the funds being distributed. The Foundation classifies as permanently restricted net position (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The expected total return from income and the appreciation of investments
- (5) The investment policies of the Foundation

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 4: ENDOWMENT COMPOSITION (Continued)

The Foundation's endowment fund activity was as follows for the year ended June 30, 2019:

	With Donor Restrictions
Endowment net position, end of 2018	\$ 312,815
Investment return:	
Interest and dividends	15,619
Net realized and unrealized gain	47,401
Total investment returns	63,020
Endowment net position, end of 2019	\$ <u>375,835</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. When donor endowment deficits exist, they are classified as a reduction of unrestricted net position. There were no deficits of this nature during fiscal year 2019.

Return Objectives and Risk Parameters

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

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

Strategies Employed for Achieving Objectives

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

Spending Policy

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

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

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

NOTE 6: LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2019 because of contractual or donor-imposed restrictions or internal designations. The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	
Cash and cash equivalents	\$ 187,738
Investments	<u>698,600</u>
Financial assets, at year-end	886,338
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor-restricted contributions (excludes time restrictions)	<u>752,408</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$133,930</u></u>

Liquidity Policy

As part of the Foundation's liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due.

December 26, 2019

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

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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Gateway Community College Foundation, Jefferson County, Ohio (the "Foundation"), a component unit of the Eastern Gateway Community College, which collectively comprise the statement of financial position as of June 30, 2019, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 26, 2019.

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.

Hea & Associates, Inc.

New Philadelphia, Ohio

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OHIO AUDITOR OF STATE KEITH FABER



EASTERN GATEWAY COMMUNITY COLLEGE FOUNDATION, INC.

JEFFERSON 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 18, 2020**