



OHIO AUDITOR OF STATE
KEITH FABER



**EASTERN GATEWAY COMMUNITY COLLEGE FOUNDATION
JEFFERSON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Eastern Gateway Community College Foundation
Jefferson County
147 Vireo Drive
Steubenville, Ohio 43953

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Eastern Gateway Community College Foundation, Jefferson County, Ohio (the Foundation), (a not-for-profit Corporation), a component unit of the Eastern Gateway Community College, which comprise the statement of financial position as of June 30, 2023, statement of activities and changes in net assets, statement of functional expenses and the statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Gateway Community College Foundation, Jefferson County, Ohio as of June 30, 2023, and the changes in net assets and its cashflows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 7 of the financial statements, for which the Foundation restated the beginning net assets balances after re-evaluating all donor contributions as it pertains to with and without donor restrictions. As disclosed in note 1, the Foundation is a component unit of Eastern Gateway Community College. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, 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 solely 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 29, 2025

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Eastern Gateway Community College Foundation, Inc.
Statement of Financial Position
For the Fiscal Year Ended June 30, 2023

Assets

Cash and cash equivalents	\$ 173,059
Investments	1,063,582
Total Assets	<u><u>\$ 1,236,641</u></u>

Liabilities

Due to primary government	\$ 65,300
Total Liabilities	<u><u>\$ 65,300</u></u>

Net Assets

Without Donor Restrictions	\$ 36,702
With Donor Restrictions	1,134,639
Total Net Assets	<u><u>\$ 1,171,341</u></u>

Total Liabilities and Net Assets	<u><u>\$ 1,236,641</u></u>
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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, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>Revenue, Gains and Other Support</u>			
Contributions	\$ 6,272	\$ 99,207	\$ 105,479
Contributed Services	130,931		130,931
Investment Income			
Dividends, interest and realized gain (loss)	60	19,387	19,447
Net unrealized gain (loss)	-	67,453	67,453
Net Assets released from restrictions	<u>124,474</u>	<u>(124,474)</u>	-
Total Revenue, Gains and Support	261,737	61,573	\$ 323,310
<u>Expenses</u>			
Program Expenses	119,523		119,523
Contributed Services	130,931		130,931
Management and General	9,629	-	9,629
Total Expenses	260,083	-	260,083
Change in Net Assets	1,654	61,573	63,227
Net Assets - July 1, 2022 (Restated - See Note 7)	35,048	1,073,066	1,108,114
Net Assets - June 30, 2023	<u>\$ 36,702</u>	<u>\$ 1,134,639</u>	<u>\$ 1,171,341</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, 2023

	<u>Program</u>	<u>Contributed Services</u>	<u>and General</u>	<u>Management</u>	<u>Total Expenses</u>
FUNCTIONAL EXPENSES:					
Personnel Costs	\$ -	\$ 130,931	\$ -	\$ 130,931	
Professional services	-	-	8,151	8,151	
Miscellaneous other	<u>65,300</u>	<u>-</u>	<u>1,478</u>	<u>66,778</u>	
Functional expenses, subtotal	65,300	130,931	9,629	205,860	
Scholarships and student support	<u>54,223</u>	<u>-</u>	<u>-</u>	<u>54,223</u>	
Total functional expenses	<u>\$ 119,523</u>	<u>\$ 130,931</u>	<u>\$ 9,629</u>	<u>\$ 260,083</u>	

The accompanying notes are an integral part of these financial statements

Eastern Gateway Community College, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Cash flow from operating activities	
Change in Net Assets	\$ 63,227
Adjustments to reconcile changes in net assets to cash	
provided by operating activities:	
Net Realized and Unrealized Gain on Investments	(67,453)
Increase (decrease) in operating liabilities:	
Payable due to Primary Government	<u>65,300</u>
 Net Cash provided by operating activities	 \$ 61,074
 Cash flow from financing activities	
Purchase of investments	(260,152)
Sale of investments	<u>250,515</u>
 Net cash used in financing activities	 (9,637)
 Net increase in cash	 \$ 51,437
 Cash and cash equivalents, beginning of year	 \$ 121,622
 Cash and cash equivalents, end of year	 <u>\$ 173,059</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, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization and Purpose

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

Affiliates

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

Use of Management Estimates

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

Net Assets and Financial Statement Presentation

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

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

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

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support Recognition

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

Contributions

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

Services Received from Personnel of an Affiliate

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

The College provides an annual budget for personnel and general operating expenses of the Foundation, as well as the facilities occupied by the Foundation. The College also assists the Foundation in fund-raising, gift processing and accounting. The value of this operating budget, office space, and services provided constitutes in-kind revenue that the Foundation records in the statement of activities as in-kind revenue and expense. These operating costs provided by the College were \$130,931 for the year ended June 30, 2023.

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 their 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, 2023.

Investments in Marketable Securities

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

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The carrying values of the Foundation's financial instruments in the statements of financial position approximate their respective estimated fair value at June 30, 2023. 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, 2023.

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.

Subsequent Events

Continuation of Mission to Help Our Communities: In spite of the tragic closing of Eastern Gateway Community College (EGCC), the Eastern Gateway Community College Foundation (EGCC Foundation) will continue in its mission of serving the educational scholarship needs of our communities. The intention is to continue to assist individuals within our community that are looking to further their education – the Board is working on these guidelines. We are hopeful that another community college might become available in our region, and then a focus will be made toward meeting the needs of these students. In the absence of a local community college, the Foundation will still continue to identify and help individuals with community-college-level educational pursuits. The EGCC Foundation is currently in the process of changing its name to Eastern Ohio Community College Foundation (EOCC Foundation).

As a result of the pending closure of EGCC, a transfer of \$303,482 of remaining endowment/scholarship funds was made to the EGCC foundation in July 2025.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

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 \$116,033 at this institution. The difference between bank balance and carry balance represents normal reconciling items.

Concentration of Credit Risk

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

Market Risk – Marketable Securities

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

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Eastern Gateway Community College Foundation, Inc.
 Notes to the Financial Statements
 For the Fiscal Year Ended June 30, 2023

NOTE 3: INVESTMENTS

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

Equity Mutual Fund	\$ 729,487
Fixed Income and Corporate Bonds	310,699
Real Estate Investment Trust	<u>23,396</u>
Total	<u>\$1,063,582</u>

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

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

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

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

The following is a summary of the inputs used as of June 30, 2023, in valuing the Foundation's investments carried at fair value:

	Level 1	Level 2	Level 3
Equity Mutual Funds	\$ 729,487	\$ -	\$ -
Fixed Income	310,699	-	-
Real Estate Investment Trust	<u>23,396</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,063,582</u>	<u>\$ -</u>	<u>\$ -</u>

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

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 4: ENDOWMENT COMPOSITION

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

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

These amounts remain in donor restricted net assets until those amounts are appropriated for expense by the Foundation in a manner consistent with the standards of prudence by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation's endowment fund activity was as follows for the year ended June 30, 2023:

	With Donor Restrictions
Endowment Net Assets, end of 2022	\$ 450,025
Investment returns:	
Interest, dividends and realized gains (losses)	5,323
Net unrealized gains (losses)	31,953
Reclassification and transfers out	<hr/>
Endowment Net Assets, end of 2023	<hr/> <u>\$ 487,301</u>

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 4: ENDOWMENT COMPOSITION (Continued)

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. When donor endowment deficits exist, they are classified as a reduction of unrestricted net position. There were no deficits of this nature during fiscal year 2023.

Return Objectives and Risk Parameters

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

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

Strategies Employed for Achieving Objectives

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

Spending Policy

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

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were restricted for scholarships, other student needs and certain building and equipment needs.

Eastern Gateway Community College Foundation, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

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, 2023 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 expenses are as follows:

Financial assets:

Cash and cash equivalents	\$173,059
Investments	<u>1,063,582</u>
Financial assets, at year-end	1,236,641

Less those unavailable for general expenses within one year, due to:

Contractual or donor-imposed restrictions:

Donor-restricted contributions (excludes time restrictions)	1,134,639
Due to primary government	65,300
Financial assets available to meet cash needs for general expenses within one year	<u>\$36,702</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 expenses, liabilities, and other obligations come due.

NOTE 7: RESTATEMENT OF WITH AND WITHOUT DONOR RESTRICTIONS

In 2023, the Foundation re-evaluated all donor contributions as it pertains to with and without donor restrictions. As a result of this re-evaluation, the beginning balance of without donor restriction changed from \$150,520 to \$35,048 or a decrease of \$115,472. With donor restrictions changed from \$957,594 to \$1,073,066 or an increase of \$115,472.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Eastern Gateway Community College Foundation
Jefferson County
147 Vireo Drive
Steubenville, Ohio 43953

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Eastern Gateway Community College Foundation, Jefferson County, Ohio (the Foundation), a component unit of the Eastern Gateway Community College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated August 29, 2025, wherein we noted the Foundation is a component unit of Eastern Gateway Community College and restated beginning net asset balances.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2023-001 and 2023-002 to be material weaknesses.

Eastern Gateway Community College Foundation
Jefferson County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

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. We consider the deficiencies described in the accompanying schedule of findings as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

Foundation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Foundation's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 29, 2025

**EASTERN GATEWAY COMMUNITY COLLEGE FOUNDATION
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2023**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2023-001

Material Weakness

System of Internal Controls

Sound accounting practices require that when designing the system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

In addition, Ohio Rev. Code § 1702.15 states that each corporation shall keep correct and complete books and records of account, together with minutes of the proceedings of its incorporators, members, directors, and committees of the directors or members.

A review of the Foundation's internal controls under the former College Controller identified the following:

- Lack of evidence documenting the Board of Directors reviewed and approved the monthly financial package as well as annual financial statements and notes prior to submission for audit;
- Lack of evidence provided initially by the former College Controller to support the Foundation's financial information on the Eastern Gateway Community College's Financial Statements as a component unit. This information was not provided until November 7, 2023 which was subsequent to the College's statutorily required filing deadline;
- Lack of evidence to support the ledger and check register of the Foundation are completed and updated monthly, at a minimum;
- Lack of documented Board of Directors approval in the minutes of checks to be disbursed; and
- Lack of controls over the Contributions revenue received, as duplicate receipts are not prepared and an overall lack of segregation of duties without evidence of compensating controls implemented by the Board as a whole.

This is the result of an overall lack of established policies and procedures. Failure to implement internal controls increases the possibility the foundation will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. and increases the risk of theft/fraud and led to inaccurate reporting in the annual financial statements.

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

FINDING NUMBER 2023-001 (Continued)

The financial statements initially prepared by the Foundation under the previous College Controller were not a true and accurate reflection of the financial activity of the Foundation. The following errors were identified:

- The initial financial statements provided by the former College Controller failed to include a Statement of Cash Flows and presented comparative information for fiscal years ending 2023 and 2022;
- The initial financial statements provided by the former College Controller reported expenses With Donor Restrictions in the amount of \$124,474, however, the amounts are to be reported as Net Assets released from restrictions as a reduction of revenue, and then as a revenue for Without Donor Restrictions and corresponding expense;
- The Foundation deposited monies into its bank account that were awarded and due to the College, resulting in a liability in the amount of \$65,300 that was initially omitted from the financial statements for the period ended June 30, 2023. In their attempt to reconcile the Foundation's bank activity to the Foundation's financial statements, the college's current Controller identified and corrected this issue. The Foundation subsequently wrote a check to the College for this amount on May 28, 2025;
- The initial ledger provided by the former College Controller had variances of \$1,394 and \$1,191 between revenues and expenses as to financial statements. In addition, the previous College Controller provided two subsequent versions of the ledgers throughout the audit, of which the last was corrected; and
- The former College Controller failed to update the investment spreadsheet accurately since 2017. As a result, the Foundation was not able to effectively monitor endowment activity and once the spreadsheet was updated, it was determined Net Assets Without Donor Restrictions and With Donor Restrictions were misstated in the amount of \$115,472. This resulted in the Foundation restating the classification of Net Assets as of July 1, 2022 in the amount of \$115,472 for With Donor Restrictions and (\$115,472) for Without Donor Restrictions. In addition, current year Management and General expenses were understated in the amount of \$12,749, Net Unrealized Gain (Loss) revenues were overstated in the amount of \$14,125, and Dividends, Interest and Realized Gain (Loss) revenues was understated in the amount of \$19,247. Moreover, the initial Statement of Cash Flows provided by the former College Controller included an entry of \$9,718 to correct prior year errors of failing to record investment activity and run through current year activity.

Other adjustments were identified because of the Foundation re-evaluating the original financial statements and are reflected in the accompanying financial statements.

Adjustments to the Notes to the Financial Statements include:

- Comparative information was initially presented for fiscal years ending 2023 and 2022;
- The Summary of Significant Accounting Policies note did not include the proper information for a FASB reporting entity, including Net Assets With and Without Donor Restrictions, Contributions and Services Received from Personnel of an Affiliate, Fair Value of Financial Instruments, and Donor Restricted Endowment Funds;
- The Summary of Significant Accounting Policies included a change in accounting principle FASB Accounting Standards Update No. 2016-02 entitled "Leases (Topic 842)" which became effective the prior fiscal year and should have been removed;
- The Investments note included a money market and cash and bank sweep totaling \$57,026 as Fixed Income investments;
- The Endowment Composition note was not properly completed as it included a number from a previous year; and
- The Liquidity and Funds Available note was not properly updated to reflect fiscal year 2023 activity and financial statements amounts.

FINDING NUMBER 2023-001 (Continued)

As a result, amounts initially reported on the financial statements and notes to the financial statements were not an accurate reflection of the activity of the Foundation. Improper financial reporting can result in irregularities that decrease the reliability of the basic financial statements.

The Foundation should improve internal controls over reporting by implementing the following:

- Ensuring a monthly bank to book reconciliation is completed and evidence it is reviewed and approved by the Board;
- Ensuring the list of scholarships and endowments is updated annually, at a minimum;
- Updating the ledger throughout each month and providing the Board with the ledger at every meeting, at a minimum, for their review and approval;
- Ensuring financial activity is recorded properly and timely;
- Providing a financial packet to the Board for each meeting, including a list of revenues and expenses, monthly bank reconciliation, and a list of checks, at a minimum, to the Board for their review and approval, which should be documented in the minutes; and
- Reviewing the annual report to ensure it is properly and timely completed and agrees to the amounts reported on the College's financial statements.

The Foundation should maintain the accounting system to enable the Foundation to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the chart of accounts to help ensure that financial activity of the Foundation is accurately recorded and reported.

The Foundation hired a new Chief Financial Officer who performed a review of the original financial statements and made changes, including those recommended by the Auditor of State's office. Upon notification of the investment and endowment spreadsheet not agreeing to the investment statement, the Foundation reviewed the statements going back to fiscal year 2017 and updated the spreadsheet through fiscal year 2025. In addition, the Foundation identified the amounts due to the College in the amount of \$65,300 and subsequently remitted this amount to the College in fiscal year 2025.

Officials' Response: Issues cited (delayed Board approvals, outdated investment spreadsheet, ledger maintenance) are important but do not create a reasonable possibility of material misstatement. Financial statements were ultimately prepared fairly (unmodified opinion). Corrections occurred before report issuance. **AU-C 265.A13** notes that lack of documentation or governance processes alone does not automatically indicate a material weakness. In addition, the Foundation's Treasurer and President review all revenues and expenses and an informal reconciliation is performed between the financial activity and the bank statement. The Foundation Board does have access to the bank activity and the Treasurer does provide revenue and expense activity to Board members before each meeting. The Foundation is converting to a new accounting system that should resolve some of the suggestions from the Auditor of State. Foundation leadership has committed to updating the scholarship and endowment schedule at least annually but ideally quarterly.

FINDING NUMBER 2023-002

Material Weakness – Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

FINDING NUMBER 2023-002 (Continued)

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Chief Financial Officer (CFO) is responsible for reconciling the book balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of fiscal year 2023. In addition, a recap of all financial activity of the Foundation, including beginning balances, current year receipts and disbursements, and ending balance identified a variance of \$8,880 with the depository balance being higher than the Foundation balance. The changes to the investment spreadsheets mentioned in Finding 2023-001, additional adjustments in the amounts of \$8,737 and \$4,737 were made to Dividends, interest and realized gain and Net unrealized gain, respectively.

This is an indication that there has been activity in the Foundation's depository accounts that had not been properly recorded in the financial records and resulted in adjustments to the financial statements.

Failure to reconcile monthly increases the possibility that the Foundation will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The CFO should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all net asset balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Finally, the Foundation should ensure the listing of endowments is updated annually to include all activity related to the endowments and ensure it is accurate.

Officials' Response: Monthly reconciliations were delayed, but the largest variance identified (\$8,880) represents less than 1% of net assets and was corrected before issuance. No fraud detected. The Foundation does informally complete a monthly bank reconciliation by performing a detailed review of all bank activity (which currently is minimal) and comparing this activity to the bank balance. However, the Foundation will consider establishing a formal reconciliation process monthly through the use of the new accounting system. The Foundation has committed to updating the scholarship and endowment schedule at least annually.

FINDING NUMBER 2023-003

Significant Deficiency – Contributed Services

The original financial statements prepared by the former College Controller reported "in-kind-contributions" for services provided by College personnel to the Foundation. FASB ASC 958-605-25-160 permits the recognition of contributed services if they meet any of the following criteria:

1. They create or enhance nonfinancial assets
2. They require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The services provided by the College to the Foundation met the requirements to be reported as Contributed Services. The Foundation agreed and changed the names from non-monetary contributions revenue and Donations and Grants expenses to Contributed Services and is reflected in the accompanying financial statements.

FINDING NUMBER 2023-003 (Continued)

In addition, Topic 958 50-1 states, in part, an entity that receives contributed services shall describe the programs or activities for which those services were used, including the nature and extent of contributed services received for the period and the amount recognized as revenues for the period. The nature and extent of contributed services received can be described by non-monetary information, such as the number and trends of donated hours received or service outputs provided by volunteer efforts, or other monetary information, such as the dollar amount of contributions raised by volunteers. 958-605-50-2 states that when a not-for-profit entity chooses to report donor-restricted contributions whose restrictions are met in the same reporting period as support with net assets without donor restrictions in accordance with paragraph 958-605-45-5, it shall disclose its accounting policy. The Foundation's contributed services are reported on the financial statements at \$130,931 as of June 30, 2023.

A review of Contributed Services identified the following:

- The amount reported for healthcare expense for the former College President was \$2,882 higher than actual healthcare expense. In addition, the spreadsheet provided estimated 50 percent of his time was spent on Foundation activities; however, this was modified to 37 percent to back into the financial statement amount;
- The amount reported for healthcare expense for the former Executive Assistant was \$179 less than actual healthcare expense; and
- The Foundation was unable to provide documentation to support the reasonableness of the percentages of personnel time allocated to the Foundation, including, but not limited to, a narrative describing its policy or methodology agreed to by the College and Foundation, and subsequently approved by the Board, to support the percentage of time spent on Foundation activities.

As a result of the Foundation not having policies and procedures in place to ensure amounts are properly supported, reviewed and approved. Failure to properly support the Contributed Services calculations could result in misstatements to the financial statements.

The Foundation should review the current process in place for determining the amount of Contributed Services to be reported on the financial statements and ensure amounts are properly supported.

Officials' Response: The Foundation continues to believe that no other foundation working with a College is providing additional detail and documentation above what is being provided at by the Foundation. Additionally, the risk of material misstatement is low. However, the Foundation implemented new procedures to ensure the accuracy of the contributed services amount.

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OHIO AUDITOR OF STATE KEITH FABER



EASTERN GATEWAY COMMUNITY COLLEGE FOUNDATION, INC.

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/23/2025

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