




James A. Rhodes State College Foundation Allen County

**Independent Auditor's Report, Financial Statements
and Supplementary Information**

June 30, 2024 and 2023





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Board of Trustees
James A. Rhodes State College Foundation
4240 Campus Drive
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of James A. Rhodes State College Foundation, Allen County, prepared by Forvis Mazars, LLP, for the audit period July 1, 2023 through June 30, 2024. 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. James A. Rhodes State College Foundation is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

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

July 29, 2025

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James A. Rhodes State College Foundation
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June 30, 2024 and 2023

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Independent Auditor's Report

Board of Trustees
James A. Rhodes State College Foundation
Lima, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of James A. Rhodes State College Foundation (Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of James A. Rhodes State College Foundation, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (Government Auditing Standards). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 within one year after the date that these financial statements are available to be issued.

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 opinion. 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 June 30, 2025, on our consideration of James A. Rhodes State College 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 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 James A. Rhodes College 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 James A. Rhodes State College Foundation's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Fort Wayne, Indiana
June 30, 2025**

James A. Rhodes State College Foundation
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	637,832	\$ 759,168
Investments	5,592,207	4,955,731
Pledges receivable, net of allowance of \$44,786 in 2024 and 2023	660,191	1,027,180
Loans receivable, net of allowance of \$36,076 in 2024 and 2023	<u>29,969</u>	<u>26,009</u>
Total Assets	<u>\$ 6,920,199</u>	<u>\$ 6,768,088</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Liabilities	<u>220,722</u>	<u>\$ 189,271</u>
Total Liabilities	<u>220,722</u>	<u>189,271</u>
Net Assets		
Without donor restrictions	216,642	201,193
With donor restrictions	<u>6,482,835</u>	<u>6,377,624</u>
Total Net Assets	<u>6,699,477</u>	<u>6,578,817</u>
Total Liabilities and Net Assets	<u>\$ 6,920,199</u>	<u>\$ 6,768,088</u>

James A. Rhodes State College Foundation
Statements of Activities
Year Ended June 30, 2024

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions						
Contributions	\$ 5,349	\$ 765,945	\$ 771,294	\$ 2,271	\$ 747,881	\$ 750,152
Contributions of nonfinancial assets	15,745	-	15,745	58,658	-	58,658
Total contributions	21,094	765,945	787,039	60,929	747,881	808,810
Investment income						
Dividend and interest income, net	-	106,276	106,276	-	88,665	88,665
Net realized and unrealized gains	-	530,200	530,200	-	264,965	264,965
Net investment income	-	636,476	636,476	-	353,630	353,630
Net assets released from restrictions	1,297,210	(1,297,210)	-	1,198,634	(1,198,634)	-
Total Revenues, Gains and Other Support	1,318,304	105,211	1,423,515	1,259,563	(97,123)	1,162,440
Expenses						
Program services						
Distributions to James A. Rhodes State College	1,297,210	-	1,297,210	1,198,634	-	1,198,634
Administrative expenses	5,645	-	5,645	8,174	-	8,174
Total Expenses and Other Deductions	1,302,855	-	1,302,855	1,206,808	-	1,206,808
Change in Net Assets	15,449	105,211	120,660	52,755	(97,123)	(44,368)
Net Assets, Beginning of Year	201,193	6,377,624	6,578,817	148,438	6,474,747	6,623,185
Net Assets, End of Year	\$ 216,642	\$ 6,482,835	\$ 6,699,477	\$ 201,193	\$ 6,377,624	\$ 6,578,817

James A. Rhodes State College Foundation
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Payments to James A. Rhodes State College, net	\$ (133,121)	\$ (249,844)
Investing Activities		
Proceeds from sale of investments	2,231,906	1,564,641
Purchases of investments	(2,326,397)	(1,686,895)
Net Cash Used in Investing Activities	(94,491)	(122,254)
Financing Activities		
Contributions restricted for long-term investment	-	92,248
Dividend and interest income, restricted	106,276	88,665
Net Cash Provided by Financing Activities	106,276	180,913
Net Change in Cash and Cash Equivalents	(121,336)	(191,185)
Cash and Cash Equivalents, Beginning of Year	759,168	950,353
Cash and Cash Equivalents, End of Year	<u>\$ 637,832</u>	<u>\$ 759,168</u>
Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities		
Change in net assets	\$ 120,660	(44,368)
Noncash contributions received	(15,745)	(58,658)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Decrease in pledges receivable	366,989	291,671
Increase in accounts payable and accrued liabilities	31,451	7,389
Contributions restricted for long-term investment	-	(92,248)
Dividend and interest income, net	(106,276)	(88,665)
Net realized and unrealized gains on investments	(530,200)	(264,965)
Net Cash Used in Operating Activities	<u>\$ (133,121)</u>	<u>\$ (249,844)</u>

Note 1. Organization

The James A. Rhodes State College Foundation (the "Foundation") was incorporated in March 1978 as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code for the purpose of collecting donations from individuals, corporations, and foundations. The primary uses of these donations are for scholarships to persons attending Rhodes State College (the "College") and other purposes benefitting the College. The Foundation is a discretely presented component unit of Rhodes State College.

During 2014, the Foundation created a limited liability company to purchase, sell or lease property within the City of Lima for the College. The limited liability company is the RSCF Lima, LLC. The RSCF Lima LLC is treated as a disregarded entity for federal income tax purposes. The Foundation is the sole member of RSCF Lima LLC. RSCF Lima, LLC financial information is included in these financial statements. Effective February 16, 2023, RSCF Lima LLC was dissolved and the remaining assets and equity were transferred to the Foundation. The transfer was insignificant to the financial statements.

Note 2. Summary of Significant Accounting Policies

Financial Statement Presentation

The Foundation's financial statements are prepared using the accrual basis of accounting, in accordance with Generally Accepted Accounting Principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At June 30, 2024, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2024, the Foundation's cash accounts exceeded federally insured limits by approximately \$386,000.

Investments

The Foundation measures securities at fair value based primarily on quoted market prices, as established by the major securities markets.

Net Investment Return

Investment return includes dividend and interest income and realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific method.

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e. the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The notes to the financial statements present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on actual costs incurred or allocated based upon reasonable methods.

Note 3. Pledges Receivable

Contributions receivable consisted of the following:

	2024	2023
Unconditional pledges expected to be collected:		
Within one year	\$ 266,420	\$ 822,466
Between two and five years	438,557	249,500
Pledges receivable	704,977	1,071,966
Less allowance for uncollectible pledges	(44,786)	(44,786)
Pledges receivable, net	<u>\$ 660,191</u>	<u>\$ 1,027,180</u>

Note 4. Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets of \$15,745 and \$56,658, respectively, were recognized within the statement of activities and included donated services, various goods and services donated for a fundraising auction, and food donations for the Foundation's food pantry.

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Foundation estimated the fair value of the food donations on the basis of estimates of wholesale values that would be received for selling similar products in the United States. The Foundation recorded the fair value of the goods and services donated for a fundraising auction based on the value the donated item or good sold for at auction.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from personnel of an affiliate.

Note 5. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 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 for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total Fair Value			
June 30, 2024				
Assets				
Cash equivalents	\$ 149,093	\$ 149,093	\$ -	\$ -
Investments				
Common stocks				
ETF - international	430,308	430,308	-	-
ETF - mid cap	297,611	297,611	-	-
ETF - small cap	254,269	254,269	-	-
Telecommunications	211,877	211,877	-	-
Consumer discretionary	239,900	239,900	-	-
Consumer staples	116,168	116,168	-	-
Information technology	723,716	723,716	-	-
Real estate	41,361	41,361	-	-
Energies	67,167	67,167	-	-
Utilities	58,857	58,857	-	-
Industrials	181,022	181,022	-	-
Financial	251,119	251,119	-	-
Healthcare	251,327	251,327	-	-
Materials	47,168	47,168	-	-
Mutual funds				
Equity funds	289,960	289,960	-	-
Equity class I fund	42,322	42,322	-	-
Institutional class fund	574,313	574,313	-	-
Index funds	229,173	229,173	-	-
Fixed income	1,135,476	1,135,476	-	-
Total Investments	<u>\$ 5,443,114</u>	<u>\$ 5,443,114</u>	<u>\$ -</u>	<u>\$ -</u>

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total Fair Value				
July 1, 2023				
Assets				
Cash	192,128	\$ 192,128	\$ -	\$ -
Investments				
Common stocks				
ETF - international	393,582	393,582	-	-
ETF - mid cap	259,782	259,782	-	-
ETF - small cap	236,410	236,410	-	-
Telcomm	149,986	149,986	-	-
Consumer discret	224,329	224,329	-	-
Consumer staples	112,916	112,916	-	-
Information technology	528,648	528,648	-	-
Real estate	36,767	36,767	-	-
Energies	65,130	65,130	-	-
Utilities	48,371	48,371	-	-
Industrials	132,003	132,003	-	-
Financial	177,733	177,733	-	-
Healthcare	230,271	230,271	-	-
Materials	46,437	46,437	-	-
Mutual funds				
Equity funds	266,498	266,498	-	-
Equity class I fund	160,051	160,051	-	-
Institutional class fund	431,693	431,693	-	-
Index funds	188,522	188,522	-	-
Fixed income	1,074,474	1,074,474	-	-
Total Investments	<u>\$ 4,763,603</u>	<u>\$ 4,763,603</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024. There were no assets classified within Level 3 of the fair value hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

Note 6. Net Assets

Resources of the Foundation are classified for reporting purposes into net asset classes based on the existence or absence of donor-imposed restrictions and state law. The following summarizes the James A. Rhodes State College programs to be supported by the net assets of the Foundation at June 30, 2024 and 2023:

June 30, 2024	Without	With Donor	
James A. Rhodes State College Program	Donor	Restrictions	
Supported	Restrictions	Restrictions	Total
Scholarships	\$ 216,642	\$ 6,024,491	\$ 6,241,133
Academic support	-	57,701	57,701
Campus improvements	-	201,635	201,635
Institutional support and other	-	199,008	199,008
Total net assets	<u>\$ 216,642</u>	<u>\$ 6,482,835</u>	<u>\$ 6,699,477</u>

June 30, 2023	Without	With Donor	
James A. Rhodes State College Program	Donor	Restrictions	
Supported	Restrictions	Restrictions	Total
Scholarships	\$ 201,193	\$ 5,255,560	\$ 5,456,753
Academic support	-	58,644	58,644
Campus improvements	-	691,781	691,781
Institutional support and other	-	371,639	371,639
Total net assets	<u>\$ 201,193</u>	<u>\$ 6,377,624</u>	<u>\$ 6,578,817</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2024	2023
Satisfaction of purpose restrictions, distributions to		
Instructional programs	\$ 34,488	\$ 125,557
Capital projects	687,550	900,000
Scholarships	575,172	173,077
Total distributions to James A. Rhodes State College	<u>\$ 1,297,210</u>	<u>\$ 1,198,634</u>

Note 7. Endowment

The Foundation's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), as adopted by the State of Ohio. As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's endowment consists of 59 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2024 and 2023, was:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment			
Historical gift value	\$ -	\$ 3,058,855	\$ 3,058,855
Cumulative appreciation	-	2,555,377	2,555,377
Total net assets	<u>\$ -</u>	<u>\$ 5,614,232</u>	<u>\$ 5,614,232</u>

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment			
Historical gift value	\$ -	\$ 3,031,830	\$ 3,031,830
Cumulative appreciation	-	1,923,901	1,923,901
Total net assets	<u>\$ -</u>	<u>\$ 4,955,731</u>	<u>\$ 4,955,731</u>

Change in endowment net assets for the years ended June 30, 2024 and 2023 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	\$ -	\$ 4,509,853	\$ 4,509,853
Contributions	-	92,248	92,248
Dividend and interest income, net of investment expense		88,665	88,665
Realized and unrealized gains	-	264,965	264,965
Endowment net assets, June 30, 2023	<u>\$ -</u>	<u>\$ 4,955,731</u>	<u>\$ 4,955,731</u>
Contributions	-	22,025	22,025
Dividend and interest income, net of investment expense		106,276	106,276
Realized and unrealized gains	-	530,200	530,200
Endowment net assets, June 30, 2024	<u>\$ -</u>	<u>\$ 5,614,232</u>	<u>\$ 5,614,232</u>

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, approved by the Board of Directors, the endowment assets are invested to manage the contributions in a manner that will maximize the benefit intended by the donor, produce current income to support the programs of the College and donor objectives, and achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation. The long term annualized total net rate of return objective is inflation plus five percent. Investment objectives will be achieved by maximizing total return consistent with prudent risk limits. Actual returns in any given year may vary from this amount. To satisfy its long-term net rate of return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and from current yield (interest and dividends).

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

Ohio law states that the appropriation for expenditure in any year of an amount greater than seven percent of the fair market value of an endowment fund calculated on the basis of fair market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made creates a rebuttable presumption of imprudence. For an endowment fund in existence for fewer than three years, the fair market value of the endowment fund must be calculated for the period that the fund has been in existence.

The Foundation has elected to distribute annually five percent of the trailing 12 quarter average of the Foundation's total asset value. The Foundation believes that such a policy should allow for steady growth for the support of operations and minimize the probability of invading the principal over time. The Investment Committee reviews the spending policy periodically against actual returns in order to consider adjustments necessary for the preservation of the purchasing power of the endowment.

Underwater Endowments

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2024 and 2023, there were no underwater endowment funds.

Note 8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 637,832	\$ 759,168
Investments	5,592,207	4,955,731
Pledges receivable	660,191	1,027,180
Loans receivable	<u>29,969</u>	<u>26,009</u>
	6,920,199	6,768,088
Less: Donor imposed restrictions	<u>(6,482,835)</u>	<u>(6,377,624)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 437,364</u>	<u>\$ 390,464</u>

James A. Rhodes State College Foundation
Notes to Financial Statements
June 30, 2024 and 2023

The Foundation regularly monitors liquidity of financial assets required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations.

Note 9. Functional Expenses

Expenses classified by natural and functional classification for the years ended June 30, 2024 and 2023, are summarized as follows:

	2024				
	Support Services				
	Management and General	Fundraising	Total Support Services		Total
Program					
Distributions to James A. Rhodes State College	\$ 1,297,210	\$ -	\$ -	\$ -	\$ 1,297,210
Administrative expenses	-	617	5,028	5,645	5,645
Total expenses	\$ 1,297,210	\$ 617	\$ 5,028	\$ 5,645	\$ 1,302,855
	2023				
	Support Services				
	Management and General	Fundraising	Total Support Services		Total
Program					
Distributions to James A. Rhodes State College	\$ 1,198,634	\$ -	\$ -	\$ -	\$ 1,198,634
Administrative expenses	-	3,771	4,403	8,174	8,174
Total expenses	\$ 1,198,634	\$ 3,771	\$ 4,403	\$ 8,174	\$ 1,206,808

Note 10. Programmatic Investments – Charles E. Schell Foundation Grant/Loan Program

The Charles E. Schell Foundation Grant/Loan Program Fund is an interest-free loan that is made available through the generosity of the Charles E. Schell Foundation as administered by the Fifth Third Bank. This loan is non-interest bearing and carries a moral obligation repayment clause. It is to be used for the educational benefits of citizens of Ohio, Kentucky, and West Virginia. To qualify, Rhodes State College students need to meet specific requirements.

The minimum loan is \$500 and the maximum loan is \$2,500. Students are to repay these loans at no interest beginning six months after graduation. The Foundation collected \$0 in student repayments in fiscal year 2024 and 2023. The Foundation does not pursue collections on these loans. Because these are programmatic investments the amounts are classified as operating in the statement of cash flows.

Loans receivable is recorded net of estimated uncollectible amounts. The Foundation regularly evaluates its loans receivable for collectability and provides for an allowance for bad debts when deemed necessary.

Note 11. Transactions with James A. Rhodes State College

The Foundation made grants to the College in furtherance of the Foundation's mission and in compliance with donor restrictions. Additionally, grants were made to the College from net assets without donor restriction at the direction of the Foundation's Board of Directors.

Note 12. Subsequent Events

Subsequent events have been evaluated through June 30, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

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*

Independent Auditor's Report

Board of Trustees
James A. Rhodes State College Foundation
Lima, Ohio

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 (*Government Auditing Standards*), the financial statements of James A. Rhodes State College Foundation (Foundation), which comprise the Foundation's statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2025.

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 opinion 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

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 response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

Forvis Mazars, LLP

**Fort Wayne, Indiana
June 30, 2025**

James A. Rhodes State College Foundation
Schedule of Findings and Responses
June 30, 2024

Reference Number	Finding
2024-001	<p>Criteria – The College is required to produce financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) without material adjustments.</p> <p>Condition – During the current year, certain audit adjustments were proposed and recorded in order to present the financial statements in accordance with GAAP.</p> <p>Cause – Due to limited staffing from turnover, proper review of year-end amounts did not take place.</p> <p>Effect or potential effect – Year-end financial statements had certain misstatements, which required audit adjustments to be recorded in the audited financial statements.</p> <p>Recommendation – We recommend that the Foundation continue to be diligent in ensuring a proper review and secondary review is performed on all year-end financial statement schedules so that the financial statements are presented in accordance with GAAP.</p> <p>Views of responsible officials and planned corrective actions - There has been an impact of limited staffing which caused delays in the closing process. The business office is committed to creating a year-end close schedule that will help to ensure that proper reviews are performed on all year-end financial statement schedules.</p>

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OHIO AUDITOR OF STATE KEITH FABER



JAMES A. RHODES STATE COLLEGE FOUNDATION

ALLEN 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 8/12/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov