

***Central State University  
Foundation***

*Financial Statements Arising from Cash  
Transactions for the Year Ended June 30, 2000  
and Independent Auditors' Report*



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Directors  
Central State University Foundation  
Wilberforce, Ohio 45384

We have reviewed the Independent Auditor's Report of Central State University Foundation, Greene County, prepared by Deloitte & Touche LLP, for the audit period July 1, 1999 through June 30, 2000. 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. Central State University Foundation is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

November 13, 2000

# CENTRAL STATE UNIVERSITY FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Central State University Foundation:

We have audited the accompanying statement of assets and fund balances arising from cash transactions of Central State University Foundation (the "Foundation"), as of June 30, 2000 and the related statement of receipts, expenditures and changes in fund balances arising from cash transactions for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A to the financial statements, the Foundation prepares its financial statements on the basis of cash receipts and disbursements, which is permitted by the Auditor of the State of Ohio, and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets and fund balances arising from cash transactions of Central State University Foundation as of June 30, 2000, and its receipts, expenditures and changes in fund balances arising from cash transactions for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have issued a report dated September 6, 2000, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DELOITTE & TOUCHE LLP

September 6, 2000

# CENTRAL STATE UNIVERSITY FOUNDATION

## STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS JUNE 30, 2000

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CASH AND CASH EQUIVALENTS (Note C):	
Demand deposits	\$ 463,913
Money market funds	423,210
Certificates of deposit	<u>392,284</u>
Total cash and cash equivalents	<u>1,279,407</u>
INVESTMENTS:	
Common Stocks	196,883
Mortgage-backed securities	89,756
Mutual funds	<u>528,579</u>
Total investments	<u>815,218</u>
RECEIVABLE FROM CENTRAL STATE UNIVERSITY	150,000
LAND	<u>75,330</u>
TOTAL ASSETS	<u>\$ 2,319,955</u>
NET ASSETS (Note D):	
Unrestricted	\$ 350,035
Temporarily restricted	1,166,664
Permanently restricted	<u>803,256</u>
TOTAL NET ASSETS	<u>\$ 2,319,955</u>

See notes to cash basis financial statements.

# CENTRAL STATE UNIVERSITY FOUNDATION

## STATEMENT OF RECEIPTS, EXPENDITURES AND CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS YEAR ENDED JUNE 30, 2000

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>RECEIPTS:</b>				
Contributions	\$ 48,665	\$ 750,442	\$ 9,592	\$ 808,699
Investment income	29,339	42,084		71,423
Reimbursements	895	7,750		8,645
Other		27,531		27,531
Unrealized loss on investments			(55,121)	(55,121)
Change in donor restrictions	(15,750)	15,750		
Net assets released from restrictions	<u>301,974</u>	<u>(301,974)</u>		
Total cash receipts	<u>365,123</u>	<u>541,583</u>	<u>(45,529)</u>	<u>861,177</u>
<b>EXPENDITURES PAID FOR OR ON BEHALF OF CENTRAL STATE UNIVERSITY:</b>				
Scholarship programs	60,879			60,879
Athletic programs	31,536			31,536
Academic programs	112,680			112,680
Institution programs	66,466			66,466
Alumni activities	30,413			30,413
Other	<u>50,229</u>			<u>50,229</u>
Total cash disbursements	<u>352,203</u>			<u>352,203</u>
<b>EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS</b>	12,920	541,583	(45,529)	508,974
<b>NET ASSETS:</b>				
Beginning of year	<u>337,115</u>	<u>625,081</u>	<u>848,785</u>	<u>1,810,981</u>
End of year	<u>\$ 350,035</u>	<u>\$ 1,166,664</u>	<u>\$ 803,256</u>	<u>\$ 2,319,955</u>

See notes to cash basis financial statements.

# CENTRAL STATE UNIVERSITY FOUNDATION

## NOTES TO CASH BASIS FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2000

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Entity** – Central State University Foundation (the “Foundation”) is an Ohio nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to receive contributions which are to be used to support the educational undertakings of Central State University (the “University”). The Foundation operates exclusively for the benefit of the University. The University provides certain administrative and payroll services for the Foundation.

**Basis of Accounting** – These financial statements were prepared on the basis of cash receipts and disbursements, which is permitted by the Auditor of the State of Ohio, and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

**Cash and Cash Equivalents** – The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments** – Investments are stated at fair value and unrealized gains and losses are reflected in the statement of receipts, expenditures, and changes in fund balance. Fair value is determined by market quotes.

**Expiration of Donor-Imposed Restrictions** – When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Net Assets** – The Foundation classifies its net assets into the following categories:

#### **Unrestricted Net Assets**

The Foundation has the following significant unrestricted funds, which have no donor imposed restrictions:

**Unrestricted Fund** – This fund is used to account for all financial resources presently available for use by the Foundation.

**President’s Discretionary Fund** – This fund is used to account for contributions which are expendable at the discretion of the University’s President.

### **Temporarily Restricted Net Assets**

These funds are used to account for resources presently available for use, but expendable only for purposes specified by the donor. The Foundation had the following significant temporarily restricted funds:

*General Scholarship Fund* – This fund receives contributions for general scholarships to students who demonstrate financial need.

*Tom Joyner Fund* – This fund receives donations from the Tom Joyner Foundation Program for scholarships to students who demonstrate financial need.

*Packard Foundation Grant Fund* – This fund receives proceeds from a grant given by the David and Lucille Packard Foundation to support science programs.

*Sunken Garden Fund* – This fund receives contributions from several sources and is used for construction and maintenance of the sunken garden in the center of the University.

*CSU Chorus Gifts Fund* – Receives donations and general fund transfers to fund travel expenses, awards, supplies and professional services in relation to the University chorus.

*Academic Funds* – Receives donations from private companies and foundations with their own restrictions.

### **Permanently Restricted Net Assets**

These funds are used to account for resources in which the donor has stipulated, as a condition of the gift, that the principle be maintained intact and only the investment income of the fund be expended as the donor specified. The Foundation had the following categories of permanently restricted funds:

*Scholarship Endowment Funds* – Investment income of the fund may be expended for student scholarships.

*Academic Endowment Funds* – Investment income of the fund may be expended for academic purposes.

*General Endowment Funds* – Investment income of the funds may be expended for general operations of the University at the discretion of the Foundation.

**Gifts** are recorded at their fair market value as of the date received.

**Land** is carried at historical cost or market value at date of donation.

## **B. DISTRIBUTIONS TO CENTRAL STATE UNIVERSITY**

Upon request by the authorities of the University, the Foundation distributes funds to the University to be used in accordance with the original donor's specifications. Management of the Foundation is responsible for determining that the University's requests are in accordance with donors' specifications, and that they are recorded to the proper fund accounts of the Foundation.



**C. DEPOSITS AND INVESTMENTS**

*Deposits* – At year-end, the bank balances of deposits were \$1,279,407 for the year ended June 30, 2000. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,179,407 was uninsured and uncollateralized at June 30, 2000.

*Investments* – Investments are managed by a professional investment manager. The investment manager is subject to the Foundation’s investment policies which contain objectives, guidelines, and restrictions designed to provide for preservation of capital with emphasis on providing current income and achieving long-term growth of the funds.

**D. CLASSIFICATION OF NET ASSETS**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Academic	\$	\$ 602,774	\$ 63,544
Athletic		22,688	
Scholarship		263,585	622,171
CSU Chorus		61,385	
Sunken Garden		30,302	
President’s Discretionary Fund	102,978		
Alumni Fund		87,397	
Other general funds	<u>247,057</u>	<u>98,533</u>	<u>117,541</u>
	<u>\$ 350,035</u>	<u>\$ 1,166,664</u>	<u>\$ 803,256</u>

\* \* \* \* \*

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Central State University Foundation:

We have audited the financial statements arising from cash transactions of Central State University Foundation (the "Foundation") as of and for the year ended June 30, 2000, and have issued our report thereon dated September 6, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America.

### **Compliance**

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

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the Foundation's internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Foundation, in a separate letter dated September 6, 2000.

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

DELOITTE & TOUCHE LLP

September 6, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CENTRAL STATE UNIVERSITY FOUNDATION**

**GREENE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 28, 2000**