

North Central State College Foundation, Inc.

Richland County, Ohio

Regular Audit

For the Fiscal Year Ended June 30, 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

[www.bhscpas.com](http://www.bhscpas.com)





**Auditor of State  
Betty Montgomery**

Board of Trustees  
North Central State College Foundation  
2441 Kenwood Circle  
Mansfield, Ohio 44903

We have reviewed the Independent Auditor's Report of the North Central State College Foundation, Richland County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 12, 2005

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NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.**

**BOARD OF TRUSTEES  
AS OF JUNE 30, 2004**

<b>NAME</b>	<b>TERM</b>
Ronald E. Abrams , Ed.D.	**
Bernard W. Anders, Jr.	(1998-04)
Juanita J. Carter	(1996-05)
R. Michael Colangelo	(1999-05)
Mark T. Collins	(1990)
William T. Cooper	(2000-06)
Bruce M. Cummins	(2000-06)
Suzanne C. Davis	(2002-05)
Bernard S. Deubel	(1999-06)
Robert H. Enskat	(1995-04)
Henry R. Fallerius, LLD	***
George F. "Bud" Frank, Jr.	(1993-05)
Gayle Gorman Freeman	(1990-04)
Carol R. Goldman	(1999-04)
Reba M. Gribben	(2000-06)
Arnold B. Haring	(1990-06)
John F. Harkness	(1990-06)
Chriss Harris	(2003-06)
William J. Hartnett	***
Edith B. Humphrey	*
William P. Jilek	(1998-04)
Byron E. Kee, Ed.D.	***
David M. Kimble	(1996-05)
Mark L. Kreinbihl	(1998-04)
Ronald P. Lantzy	*
Glenn W. McClelland	(2003-05)
Rocco D. Manzo, Jr.	(1990-05)
Lori McKee	(2004)
Gunther S. Meisse	(1999-04)
Grant Milliron	(1999-04)
Kevin P. Nestor	(1999-05)
Bradley C. Peffley	(1999-04)
Ralph H. Phillips	(2001-06)
Raymond A. Piar	(2002-05)
M. M. Ressallat, M.D.	(1990)
Timothy J. Rowsey	(1990-04)
Richard J. Ruehle	(2000-06)
E. Victor Smith	(1993-05)
Ronald M. Surella	(2000-06)
Gary L. Utt	(2002-05)
John W. Welsh	(1993-05)
Robert B. Zettler	**

**NORTH CENTRAL STATE COLLEGE FOUNDATION, INC.**

**APPOINTED OFFICIALS  
JULY 1, 2003 - JULY 30, 2004**

PRESIDENT

John W. Welsh

IMMEDIATE PAST PRESIDENT

Robert H. Enskat

VICE PRESIDENT FOR ACTIVITIES

Raymond A. Piar

VICE PRESIDENT FOR COMMUNITY RELATIONS

Ronald P. Lantzy

VICE PRESIDENT FOR INTERNAL RELATIONS

David M. Kimble

VICE PRESIDENT FOR RESOURCE DEVELOPMENT

William P. Jilek

SECRETARY

Juanita J. Carter

TREASURER

William C. Miller, Jr.

EXECUTIVE DIRECTOR\*\*

Betty E. Wells

\*College Board of Trustee Appointee

\*\*Member College President's Staff

\*\*\*Honorary Life Trustee

LEGAL COUNSEL

Weldon, Huston & Keyser

John H. Seigenthaler

Bank One Building Eighth, Ninth and Tenth Floors

28 Park Avenue West

Mansfield, OH 44902-1692



# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Trustees

North Central State College Foundation, Inc.

2441 Kenwood Circle, Box 698

Mansfield, Ohio 44903

We have audited the accompanying statement of financial position of the North Central State College Foundation, Inc., (the Foundation), a component unit of the North Central State College, as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Central State College Foundation, Inc., as of June 30, 2004, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. 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 assessing the results of our audits.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

November 19, 2004

North Central State College Foundation, Inc.  
Statement of Financial Position  
As of June 30, 2004

ASSETS

Cash & cash equivalents	\$125,929
Investments	1,556,187
Interest in Assets held by Richland County Foundation	250,000
Contributions receivable (net of allowance for uncollectible and accumulated amortization discount)	201,104
Prepaid Expenses	26,947
Emergency Loan Receivable	791
Office Equipment (net)	<u>351</u>
Total Assets	<u><u>\$2,161,309</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$22,656
Deferred Income	<u>6,225</u>
Total Liabilities	<u>28,881</u>
Net Assets:	
Unrestricted	852,558
Temporarily Restricted	261,662
Temporarily Restricted-Assets held by Richland County Foundation	<u>250,000</u>
Total Temporarily Restricted	511,662
Permanently Restricted	<u>768,208</u>
Total Net Assets	<u>2,132,428</u>
Total Liabilities and Net Assets	<u><u>\$2,161,309</u></u>

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

North Central State College Foundation, Inc.  
Statement of Activities  
For the Fiscal Year June 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</b>				
Contributions	\$8,592	\$59,523	\$102,896	\$171,011
Investment income, including realized and unrealized gains and losses, net	85,320	22,145	40,603	148,068
Richland County Foundation Revenue	36,562	0	0	36,562
Fundraising Revenue	154,257	0	0	154,257
Other Revenue	19,050	0	0	19,050
Net assets released from restrictions	311,904	(311,904)	0	0
<b>Total Public Support, Revenues and Reclassifications</b>	<b>615,685</b>	<b>(230,236)</b>	<b>143,499</b>	<b>528,948</b>
<b>EXPENSES</b>				
<b>Program Services:</b>				
Scholarships	56,300	0	0	56,300
NSCS Foundation Pledge	75,000	0	0	75,000
Kehoe Center	154,350	0	0	154,350
Entrepreneur Hall of Fame	18,157	0	0	18,157
Professional development	809	0	0	809
Personnel reimbursement	46,313	0	0	46,313
<b>Management and General:</b>				
Computer Center	105,567	0	0	105,567
Investment Expense	7,117	5,051	289	12,457
Fundraising	124,244	0	0	124,244
Materials and Supplies	2,873	0	0	2,873
Depreciation	348	0	0	348
Outreach Fund	2,077	0	0	2,077
Other Expense	3,811	0	0	3,811
<b>Total Expenses</b>	<b>596,966</b>	<b>5,051</b>	<b>289</b>	<b>602,306</b>
<b>Change in Net Assets</b>	<b>18,719</b>	<b>(235,287)</b>	<b>143,210</b>	<b>(73,358)</b>
<b>Net Assets, Beginning of Year</b>	<b>833,839</b>	<b>746,949</b>	<b>624,998</b>	<b>2,205,786</b>
<b>Net Assets, End of Year</b>	<b>\$852,558</b>	<b>\$511,662</b>	<b>\$768,208</b>	<b>\$2,132,428</b>

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

North Central State College Foundation, Inc.  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2004

Cash Flows from Operating Activities:	
Change in net assets	<u>(\$73,358)</u>
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	348
Decrease in contributions receivable	130,983
Decrease in emergency loan receivable	48
Decrease in prepaid expenses	16,613
Decrease in accounts payable	(33,622)
Decrease in deferred revenue	(12,185)
Contributions restricted for investment in endowment	(235,287)
Net unrealized and realized gains on investments	<u>62,118</u>
Total adjustments	<u>(70,984)</u>
Net cash (used for) operating activities	<u>(144,342)</u>
Cash flows from financing activities:	
Proceeds from contributions restricted for investment in endowment	<u>235,287</u>
Net cash provided by financing activities	<u>235,287</u>
Net increase in cash and cash equivalents	90,945
Cash and cash equivalents at beginning of year	<u>34,984</u>
Cash and cash equivalents at end of year	<u><u>\$125,929</u></u>

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

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**1. DESCRIPTION OF THE FOUNDATION**

North Central State College Foundation, Inc. (the Foundation) financial statements have been prepared on an accrual basis of accounting. The Foundation is a not-for-profit organization established in accordance with Section 501(c)(3) of the Internal Revenue Code. The Foundation operates under a Board of Trustees who is appointed, not to be less than twelve, but not to exceed forty members. The Foundation is organized primarily to engage in activities and programs to provide support and services to the North Central State College (the College).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Contributions:*

The Foundation reports contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made". SFAS No. 116 requires that unconditional promises to give, with payments due in future periods, be recorded as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

*Financial Statement Presentation:*

Financial Statement Presentation SFAS No. 117, "Financial Statements of Not-for-Profit Organizations", requires that the amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor-imposed restrictions. A description of the categories is as follows:

**Unrestricted Net Assets**

Assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

**Temporarily Restricted Net Assets**

Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

**Permanently Restricted Assets**

Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying Statement of Activities.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

*Cash and Cash Equivalents:*

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

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Investments:*

The Foundation reports investments in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investments of the unrestricted, temporarily restricted, and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted, and permanently restricted funds.

*Donated Service and Facilities:*

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

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by the college personnel in the amount of \$3,230 have been recognized in the statement of activities as supporting revenue and as "In Kind" supporting expenses as required by SFAS 116.

*Contributions Receivable:*

Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met. The Foundation requires an initial minimum balance of \$5,000 to establish a scholarship fund. The policy allows a period, generally not to exceed 48 months, for the accumulation of contributions and interest to meet the minimum \$5,000 requirement.

*Prepaid Expenses:*

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

*Fixed Assets:*

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

*Deferred Revenue:*

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

*Estimates:*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**3. INVESTMENTS**

The various investments in fixed income securities, mutual funds, and other investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the financial statements.

At June 30, 2004, investments consisted of the following:	Carrying Value	Market Value
Money Market Investments – US Government Obligations	\$21,998	\$21,998
Mutual Funds – Fixed Income Corporations	539,954	539,954
Mutual Funds – Equity Securities	994,235	994,235
Total	<u>\$1,556,187</u>	<u>\$1,556,187</u>

**4. CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The discount rate used for the year ended June 30, 2004 was 3.25%. The amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until conditions are met.

Contributions receivable consisted of the following at June 30, 2004:

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

Unrestricted	\$825
Temporarily restricted	221,250
Permanently restricted	11,000
Gross unconditional promises to give	<u>233,075</u>
Less: Unamortized discount	(8,664)
Less: Allowance for uncollectible contributions	(23,307)
Net unconditional promises to give	<u>\$201,104</u>
Amounts due:	
Less than one year	\$148,881
One to five years	52,223
Net unconditional promises to give	<u>\$201,104</u>

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily and permanently restricted assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships to the College's students, providing professional development funds to the College staff and purchasing equipment for the benefit of the College. Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships to the College's students.

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**5. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

The different types of temporarily restricted net assets are classified as follows:

Scholarships for Students:	
Cobey Scholarship	\$500
Emerson Scholarship	2,400
Brown Scholarship	150
Faculty Scholarship	1,161
G-R Civic Scholarship	500
Garber Scholarship	600
Gorman-Rupp Scholarship	1,400
Gubkin Scholarship	150
Haring Scholarship	400
KMU Scholarship	150
Mansfield University	5,225
Nursing Scholarship	5,500
Orange and Blue Scholarship	1,500
Preston Endowment	725
Rabel Machine Scholarship	1,500
Welsh Scholarship	1,275
Kroger Scholarship	500
Miller-Carter Scholarship	2,365
Gimbel Scholarship	13,998
President Emeritus Scholarship	279
Tech Prep	535
Scholarships (General)	21,900
YES Scholarship	1,000
Equipment	5,181
Paralegal Library	322
Professional Development	55
Computer Center	1,492
Other (Receivable Pledges)	190,899
Richland County Foundation	250,000
Total Temporarily Restricted	<u>\$511,662</u>



**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**5. TEMPORARILY RESTRICTED NET ASSETS** (Continued)

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

Purpose Restriction Accomplished:	
Scholarships for Students:	
Ambassador Scholarship	\$4,050
Cobey Scholarship	500
Emerson Scholarship	936
Faculty Scholarship	275
G-R Civic Scholarship	475
Garber Scholarship	400
Gorman-Rupp Scholarship	1,666
Gubkin Scholarship	500
Haring Scholarship	350
Mansfield University	5,400
Miller-Carter University	1,834
Nursing Scholarship	6,080
Orange and Blue Scholarship	1,200
Preston Endowment	725
Rabel Machine Scholarship	1,768
Welsh Scholarship	1,350
Kroger Scholarship	500
Gimbel Scholarship	7,834
Tech Prep	4,000
Scholarships (General)	10,280
Therm-O-Disc Scholarship	1,864
Total Scholarships for Students	<u>51,987</u>
Instructional Facilities and Equipment:	
Kehoe Center	154,350
Computer Center	105,567
Total Instructional Facilities and Equipment	<u>259,917</u>
Total Released from Restrictions	<u><u>\$311,904</u></u>

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**6. PERMANENTLY RESTRICTED NET ASSETS**

Permanently Restricted:

Endowment Scholarships for Students:	
Brown Scholarship	\$5,658
Cobey Scholarship	20,375
Emerson Scholarship	97,807
Faculty Scholarship	10,395
G-R Civic Scholarship	20,681
Garber Scholarship	28,745
Gimble Health Chair	82,077
Gorman-Rupp Scholarship	54,762
Gubkin Scholarship	6,583
Haring Scholarship	16,271
KMU Scholarship	5,851
NCOBDC Scholarship	2,098
Neer Scholarship	2,214
Nursing Scholarship	224,420
Respiratory Care Endowment	354
Orange and Blue Scholarship	61,692
Preston Endowment	30,717
Welsh Scholarship	49,571
Kroger Scholarship	21,383
President Emeritus Endowment	11,583
Entrepreneur Endowment (Y.E.S.)	7,480
Restricted Contributions	7,491
Total Permanently Restricted	<u>\$768,208</u>

**7. RICHLAND COUNTY FOUNDATION**

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

In accordance with SFAS No. 136, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others", the portion of this fund contributed by the Foundation is considered a reciprocal transfer because the Foundation is also the beneficiary of this fund. This balance is shown on the Richland County Foundation's Statement of Financial Position as a liability called "Funds Held as Agency Endowments". This amounted to \$250,000 at June 30, 2004.

Also, under SFAS No. 136, the portion of this fund contributed by unrelated third party donors is considered a contribution to the Richland County Foundation and is included in the net assets of Richland County Foundation. The amount recognized in the Statement of Financial Position of the Richland County Foundation at June 30, 2004 totaled \$274,216.

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**8. INCOME TAXES**

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

# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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

Board of Trustees  
North Central State College Foundation, Inc.  
2441 Kenwood Circle  
Mansfield, Ohio 44903

We have audited the financial statements of the North Central State College Foundation, Inc., (the Foundation), a component unit of the North Central State College, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. 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.

### **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 an opinion 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 that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

### **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, regulation, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are reported to the management of the Foundation in a separate letter dated November 19, 2004.

Board of Trustees  
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*  
Page 2

This report is intended solely for the information and use of the audit committee, management and members of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr and Scherer, CPAs, Inc.  
Balestra, Harr & Scherer, CPAs, Inc.

November 19, 2004





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**NORTH CENTRAL STATE COLLEGE FOUNDATION  
RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 10, 2005**