

# **Stark State College Foundation**

**Financial Statements  
June 30, 2013**





# Dave Yost • Auditor of State

Board of Directors  
Stark State College Foundation  
6200 Frank Avenue, NW  
North Canton, Ohio 44720-7299

We have reviewed the *Independent Auditor's Report* of the Stark State College Foundation, Stark County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 Stark State College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

January 8, 2014

**This page intentionally left blank.**

# Stark State College Foundation

## Financial Statements

June 30, 2013

### Table of Contents

	<u>Page</u>
Independent Auditor's Report .....	1
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	21

## Independent Auditor's Report

Board of Directors  
Stark State College Foundation  
North Canton, OH

To the Board of Directors:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Stark State College Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

Board of Directors  
Stark State College Foundation

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Ciani & Parichi, Inc.*

Cleveland, Ohio  
December 20, 2013

**STARK STATE COLLEGE FOUNDATION**  
**Statement of Financial Position**  
**June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$	584,923
Unconditional promises to give		
Unrestricted		4,093
Restricted to instructional departments		3,135
Restricted to scholarships		197
Restricted to endowments		88,073
Prepaid expense		2,769
Interest receivable		35
Long-term investments		3,785,557
	TOTAL ASSETS	\$ <u><u>4,468,782</u></u>

**NET ASSETS**

Unrestricted	\$	87,442
Temporarily restricted		686,516
Permanently restricted		3,694,824
	TOTAL NET ASSETS	\$ <u><u>4,468,782</u></u>

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



**STARK STATE COLLEGE FOUNDATION**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

**UNRESTRICTED NET ASSETS**

Support		
Individuals	\$	12,589
Corporations & foundations		11,600
Investment income		912
Investment gains (losses)		3,111
Transfer from temporarily restricted net assets		46,299
Net assets released from restrictions		
Restrictions satisfied by payments		<u>380,894</u>
<b>TOTAL UNRESTRICTED SUPPORT</b>		<u>455,405</u>
Expenses		
Supporting college activities		
Scholarships for students		90,824
Instructional equipment & supplies		27,750
Professional development		3,647
Wind energy building		248,313
Barberton campus		10,000
Student services		360
Operations		
Management and general		<u>11,462</u>
<b>TOTAL UNRESTRICTED EXPENSES</b>		<u>392,356</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>		63,049

**TEMPORARILY RESTRICTED NET ASSETS**

Support for instructional departments		503,208
Support for scholarships & loans		44,642
Support for Barberton campus		10,000
Support for student services		360
Investment income		45,865
Investment gains (losses)		205,921
Transfer to unrestricted net assets		(46,299)
Transfer to permanently restricted net assets		(189)
Net assets released from restrictions		
Restrictions satisfied by payments		<u>(380,894)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>		<u>382,614</u>

**PERMANENTLY RESTRICTED NET ASSETS**

Endowment fund support		1,280,831
Investment income		108
Investment gains (losses)		582
Transfer from temporarily restricted net assets		<u>189</u>
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>		<u>1,281,710</u>
<b>INCREASE IN NET ASSETS</b>		1,727,373
<b>NET ASSETS AT BEGINNING OF YEAR</b>		<u>2,741,409</u>
<b>NET ASSETS AT END OF YEAR</b>	\$	<u><u>4,468,782</u></u>

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

**STARK STATE COLLEGE FOUNDATION**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets		\$ 1,727,373
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments		(209,614)
Net investment income from long-term investments		(46,548)
Contributions restricted for long-term investments		(1,254,586)
Changes in operating assets and liabilities:		
Unrestricted unconditional promises to give		1,995
Restricted unconditional promises to give		(23,026)
Prepaid expenses		(2,769)
Interest receivable		264
Accounts payable		(113)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<u>192,976</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of long-term investments		(2,416,826)
Proceeds from sale of long-term investments		1,241,073
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(1,175,753)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of endowment fund support		1,254,586
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<u>1,254,586</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		271,809
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>		<u>313,114</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>		<u><u>\$ 584,923</u></u>

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

# STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

## 1. DESCRIPTION OF THE REPORTING ENTITY

The Stark State College Foundation (the “Foundation”) is organized and operated exclusively for educational, scientific or charitable purposes by conducting and supporting activities which benefit or carry out the purpose of the Stark State College (herein, “the College”). The College is a state institution of higher learning, authorized and existing under Chapter 3357 of the Ohio Revised Code. The Foundation is a not-for-profit organization established in accordance with Section 501(c)(3) of the Internal Revenue Code and is empowered to exercise all rights and powers conferred by the laws of Ohio upon nonprofit corporations.

The Foundation’s primary sources of revenue are endowment income and public support through donations from individuals, corporations, foundations, and trusts located primarily in northeast Ohio.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

### Financial Statement Presentation

The Foundation follows authoritative guidance issued by the Financial Accounting Standards Board (“FASB”) which established the FASB Accounting Standards Codification (“ASC”) as the single source of authoritative accounting principles generally accepted in the United States of America.

ASC 958: Not-for-Profit Entities 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. If donor-imposed restrictions are met in the same year as they are imposed, the net assets are reported as unrestricted.

*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.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contributions

The Foundation reports contributions in accordance with ASC 958. ASC 958 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.

#### Cash and Cash Equivalents

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

#### Investments

Investments in marketable 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.

#### Promises to Give

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 an endowed scholarship fund. The policy allows a period, generally not to exceed 60 months, for the accumulation of contributions and interest to meet the minimum \$5,000 requirement.

#### 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.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments, and promises to give.

The Foundation has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are overseen by a Finance Committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Finance Committee believes that the investment policy is prudent for the long-term welfare of the Foundation.

Credit risk with respect to promises to give is limited due to the number and credit worthiness of the foundations, corporations, governmental units, and individuals who comprise the contributor base.

At various times during the year ended June 30, 2013, the Foundation's cash in bank balances may have exceeded the federal insured limits.

#### Donated Administrative Expenses

Certain administrative functions of the Foundation are performed by administrative employees of Stark State College at no charge to the Foundation. The value of these services is not recognized in these financial statements. The dollar value is not significant in relation to the financial statements taken as a whole.

#### Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 19, 2013, the date the financial statements were available to be issued.

### 3. INVESTMENTS

Investments consist of the following:

Equity Mutual Fund	\$ 1,938,731
Fixed Income	1,464,786
Money market funds	<u>382,040</u>
	\$ <u><u>3,785,557</u></u>

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 4. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments – The Foundation adopted applicable sections of the ASC 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation’s investments. The inputs are summarized in the three broad levels below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation’s own assumptions in determining the fair value of the investments)

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

The following is a summary of the inputs used as of June 30, 2013, in valuing the Foundation’s investments carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 1,938,731	\$ -	\$ -	\$ 1,938,731
Fixed income	1,464,786	-	-	1,464,786
Money market funds	<u>382,040</u>	<u>-</u>	<u>-</u>	<u>382,040</u>
	\$ <u>3,785,557</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,785,557</u>

### 5. ENDOWMENT FUND

#### Net Asset Classification of Endowment Funds

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

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2013

**5. ENDOWMENT FUND (continued)**

Net Asset Classification of Endowment Funds (continued)

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate 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 investment policies of the Foundation

During the year ended June 30, 2013, the Foundation had the following endowment related activities:

	<u>Donor- Restricted Endowment Funds</u>	<u>Board- Designated Endowment Funds</u>	<u>Total</u>
Investment return:			
Interest and dividends	\$ 45,973	\$ 575	\$ 46,548
Net realized and unrealized gain (loss)	<u>206,503</u>	<u>3,111</u>	<u>209,614</u>
Total investment return	252,476	3,686	256,162
Contributions	1,254,586	-	1,254,586
Appropriation of endowment assets for expenditure	(46,041)	-	(46,041)
Transfers in (out)	<u>(46,110)</u>	<u>38,157</u>	<u>(7,953)</u>
Total change in endowment funds	\$ <u>1,414,911</u>	\$ <u>41,843</u>	\$ <u>1,456,754</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 204,183	\$ 3,606,751	\$ 3,810,934
Board-designated endowment funds	<u>41,843</u>	<u>-</u>	<u>-</u>	<u>41,843</u>
Total funds	\$ <u>41,843</u>	\$ <u>204,183</u>	\$ <u>3,606,751</u>	\$ <u>3,852,777</u>

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2013

**5. ENDOWMENT FUND (continued)**

Net Asset Classification of Endowment Funds (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 44,737	\$ 2,351,286	\$ 2,396,023
Investment return:				
Interest and dividends	575	45,865	108	46,548
Net realized and unrealized gain (loss)	<u>3,111</u>	<u>205,921</u>	<u>582</u>	<u>209,614</u>
Total investment return	3,686	251,786	690	256,162
Contributions	-	-	1,254,586	1,254,586
Appropriation of endowment assets for expenditure	-	(46,041)	-	(46,041)
Transfers in (out)	<u>38,157</u>	<u>(46,299)</u>	<u>189</u>	<u>(7,953)</u>
Endowment net assets, end of year	\$ <u>41,843</u>	\$ <u>204,183</u>	\$ <u>3,606,751</u>	\$ <u>3,852,777</u>

Below is a reconciliation of permanently restricted net assets included in the endowment fund to total permanently restricted net assets:

Permanently restricted net assets within endowment fund	\$ 3,606,751
Permanently restricted contributions included in pledges receivable	<u>88,073</u>
Total permanently restricted net assets	\$ <u>3,694,824</u>

Return Objectives And Risk Parameters

The Foundation has adopted investment and spending policies for the endowment fund. The policy goal for the Foundation's endowment investment portfolio is to provide a real total return that preserves the purchasing power of the endowment assets, while providing an income stream to support the Foundation's activities in support of Stark State College. Assets for the investment pool include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as board-designated funds. The Foundation engages an investment manager whose performance is measured against respective benchmarks. The endowment's real total return is sought from an investment strategy that provides an opportunity for superior total returns within acceptable levels of risk and volatility. The Foundation recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential loss in purchasing power due to inflation are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment portfolio the opportunity to achieve satisfactory results consistent with the objectives and character of the portfolio.



## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 5. ENDOWMENT FUND (continued)

#### 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 yield (interest and dividends). In recognition of the difficulty in predicting the direction of the markets or future state of the economy, the Foundation's assets are diversified among asset classes, managers/funds, and investment styles. The Board has determined that 60% to 70% of the investment portfolio be allocated to equities, including international securities, and 30% to 40% be allocated to fixed income or cash investments. The Board also reviews the portfolio on a regular basis (at least annually) to consider the portfolio's asset mix relative to its target and the allowable range around the target.

The investment strategy for the Foundation's portfolio indicates the principal category of equity investments will be common stocks with primary emphasis on high quality companies that are financially sound and that have favorable prospects for earnings growth. The largest percentage of fixed income investments will be invested in portfolios of high quality (primarily A- to AAA- rated) corporate bonds, U.S. Treasury and U. S. Government Agency securities. Investments in foreign securities may comprise 15% to 25% of equity investments based upon market conditions and investment manager discretion.

In addition to asset classes, the Foundation may be diversified between managers/funds and investment styles, as well. The purpose of this approach is to incorporate prudent diversification within the Foundation, enhancing expected returns, and/or reducing risk of the total portfolio. This structure will be reviewed by the Finance Committee on an ongoing basis as part of the overall monitoring process.

#### Spending Policy

The Foundation's spending policy is based on a total return approach in order to maintain stable cash flows over an extended period of time, to protect endowment funds against inflation, and to preserve the purchasing power of endowment funds by improving investment growth and management. The spending policy allows up to a maximum of 6% of the three-year average market value of a designated endowment fund to be distributed yearly. Spending may include net realized gains earnings over that three-year period, and is offset by any previously designated spending amounts. All returns (gains, losses, and income-net of external and internal fees and previously designated spending amount) above 6% will be reinvested in the endowment fund's portfolio. The spending policy is closely monitored by the Finance Committee and recommendations for any changes are forwarded to the full Board for review and approval.

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 6. PROMISES TO GIVE

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 estimate of future cash flows at a discount rate of 5%. Conditional promises to give are not included as support until conditions are met.

Unconditional promises to give:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Less than one year	\$ 3,604	\$ 40,916	\$ 44,520
One to five years	<u>489</u>	<u>50,489</u>	<u>50,978</u>
	<u>\$ 4,093</u>	<u>\$ 91,405</u>	<u>\$ 95,498</u>

### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily and permanently restricted assets are those whose use by the Foundation has been limited by the donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships & loans 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.

The temporarily restricted net assets as of June 30, 2013 are classified as follows:

Scholarships & Loans for Students:

Abel, Larry Scholarship	\$ 1,274
Akron Children's Hospital Scholarship	6,865
Albert, Leon & Helene Scholarship	720
Allied Dental Health Professionals Scholarship	255
Alumni Class Scholarship	1,322
Aultman Hospital Scholarship	3,275
Automotive Department Scholarship	76
Bobbitt, Robert T. and Hortense Scholarship	1,315
Bridgestone/Firestone Automotive Scholarship	641
Cain, Edward and Henry Automotive Scholarship	8,835
Canton APICS Scholarship	825
Colaner, David & Pauline Scholarship	654
DeHoff Family Scholarship	146
Diebold Foundation Scholarship	17,054
Diversity Scholarship	5,909
Engineering Memorial Scholarship	923
Faculty Association Scholarship	3,271
Feaser, Paul & Susan Scholarship	1,495
Flowers, Albert & Edith Scholarship	118
Fortisure Foundation Scholarship	23,622
Hamilton, Lynn Scholarship	702
Hatton, Katy Scholarship	873

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 7. TEMPORARILY RESTRICTED NET ASSETS (continued)

#### Scholarships & Loans for Students (continued):

Hoover, Herbert Scholarship	6,239
Huston, Doris Scholarship	1,115
Jivens, John & Carol Scholarship	203
Jones, Para Scholarship	715
Kallis, Mel Scholarship	1,785
Kids College Scholarship	198
Kimble Scholarship	9,238
Kismet Foundation Scholarship	5,063
Krugliak, Samuel Scholarship	408
Lavery, William Scholarship	145
Lemon, George W. Scholarship	797
Loew Family Scholarship	954
Maloney, Dr. James & Sally Scholarship	410
Mann, Roger & Kathleen Scholarship	483
McGrath, John Presidential Scholarship	5,864
McIntosh, Walter & Bess Scholarship	365
Rank, Ada & Helen Scholarship	2,668
Sabe, Ahmed Scholarship	731
SCADA Automotive Scholarship	358
Schiltz, William & Barbara Scholarship	9,164
Shannon, Mary & Joseph Scholarship	844
Shreve, Zak & Ben Scholarship	178
Silk, Fred F. Scholarship	34,664
Smerglia, Larry Scholarship	298
Smith, Marge Scholarship	1,481
Stevens, Eddie & Madeline Scholarship	863
Stokes, Marie Scholarship	39
Student Scholarship	14,816
Students of Promise Scholarship	5,195
Student Services Scholarship	62
Walters, Jeffrey & Brenda Scholarship	824
West, Charles H. & Virginia C. Scholarship	779
Westerbeck, John Scholarship	97
Wilkof, Edward & Ruth Scholarship	422
Wilkof, Ervin & Marie Scholarship	5,115
Wilkof, Ronald & Ruthanne Scholarship	925
Williams, Charles Scholarship	41
Total Scholarships & Loans for Students	<u>193,716</u>

#### Professional Development:

Faculty and Staff Professional Development	<u>8,934</u>
Total Professional Development	8,934

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 7. TEMPORARILY RESTRICTED NET ASSETS (continued)

#### Departmental Equipment and Supplies:

Instructional Resources	1,731
Oil & Gas Lab	479,000
Paramedics/RN Lab Equipment	<u>3,135</u>
Total Departmental Equipment and Supplies	<u>483,866</u>

Total Temporarily Restricted Net Assets \$ 686,516

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

#### Purpose Restriction Accomplished

##### Scholarships & Loans for Students:

Albert, Leon & Helene Scholarship	\$ 387
Alumni Class Scholarship	2,201
Aultman Hospital Scholarship	557
Bobbitt, Robert T. and Hortense Scholarship	319
Bookstore Scholarship	1,750
Cain, Edward and Henry Automotive Scholarship	6,975
Canton APICS Scholarship	438
Canton Carnival of Wheels Scholarship	10,000
Cleveland Auto Dealers Association Scholarship	1,500
Colaner, David & Pauline Scholarship	267
Cross, Stacie Scholarship	500
Deuble Foundation Scholarship	2,785
Diversity Scholarship	1,865
Fisher, Janet C. Scholarship	852
GAR Foundation Scholarship	10,181
Graco Engineering Scholarship	10,000
Hallier, Robert & Celine Scholarship	127
Hamilton, Lynn Scholarship	156
Haverlock, William & Martha Scholarship	59
Hoover Foundation Scholarship	2,379
Jones, Para Scholarship	157
Kallis, Mel Scholarship	648
Kid's College Scholarship	780
Krugliak, Samuel Scholarship	500
Lemon, George W. Scholarship	300
Luntz, William & Sharon Scholarship	216
McGrath, John Presidential Scholarship	2,294
Morford, Betty Scholarship	288
President's Scholars Award	1,126
Rank, Ada & Helen Scholarship	773
Saums, Ned Scholarship	350
SCADA Automotive Scholarship	1,851
Schonhoft, Daniel Scholarship	1,000
Silk, Fred F. Scholarship	9,154

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 7. TEMPORARILY RESTRICTED NET ASSETS (continued)

Purpose Restriction Accomplished (continued)

Scholarships & Loans for Students (continued):

Smerglia, Larry & Ginny Scholarship	500
Smith, Marge Scholarship	268
Stark Community Foundation Scholarship	4,889
Student Scholarship	3,406
Students of Promise Scholarship	3,000
Veteran's Loan Program	4,300
West, Charles H. and Virginia C. Scholarship	318
Wilkof, Ervin & Marie Scholarship	543
Wilkof, Edward & Ruth Scholarship	421
Young, Dale A. and Marguerite M. Scholarship	444
Total Scholarships for Students	<u>90,824</u>

Student Services:

LGBTs Global Student Club	<u>360</u>
Total Student Services	360

Professional Development:

Faculty and Staff Professional Development	3,441
Powers, Mary Professional Development	<u>206</u>
Total Professional Development	3,647

Departmental Equipment and Supplies:

Barberton Campus	10,000
Dominion East Ohio Well Display	1,043
Electrical Engineering Equipment	1,700
Paramedic/RN Lab Equipment	3,300
Timken Wind Energy Building	248,313
Instructional Resources	597
Oil & Gas Lab	21,000
Pathways to the Future	<u>110</u>
Total Departmental Equipment and Supplies	<u>286,063</u>

Total Net Assets Released from Donor Restriction \$ 380,894

### 8. PERMANENTLY RESTRICTED NET ASSETS

Scholarships & Loans for Students:

Abel, Larry Scholarship	\$ 11,085
Akron Children's Hospital Scholarship	50,000
Albert, Leon & Helene Scholarship	17,609
Allied Dental Health Professionals Scholarship	6,665
Alumni Class Scholarships	83,385
Aultman Hospital Scholarship	30,250

## STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2013

### 8. PERMANENTLY RESTRICTED NET ASSETS (continued)

#### Scholarships & Loans for Students (continued):

Automotive Department Scholarship	4,251
Bobbitt, Robert T. and Hortense Scholarship	10,295
Bridgestone/Firestone Automotive Scholarship	12,550
Cain, Edward and Henry Automotive Scholarship	242,000
Canton APICS Scholarship	20,755
Canton Veteran Car Club Scholarship	5,000
Career Development Scholarship	9,358
Colaner, David & Pauline Scholarship	10,005
DeHoff Family Scholarship	5,000
Deuble Foundation Scholarship	100,000
Diamond, J. Edward & Janet Scholarship	10,000
Diebold Foundation Scholarship	100,000
Diversity Scholarship	62,238
Dominion East Ohio Gas Company Scholarship	10,000
Droney, Michael Scholarship	4,825
Engineering Memorial Scholarship	21,899
Faculty Association Scholarship	22,853
Feaser, Paul & Susan Scholarship	11,000
Fisher, Janet C. Scholarship	36,078
Flowers, Albert & Edith Scholarship	26,500
Fortisure Foundation Scholarship	1,000,000
Hallier, Robert & Celine Scholarship	6,102
Hamilton, Lynn Scholarship	5,500
Hatton, Katy Scholarship	5,322
Haverlock, William & Martha Scholarship	10,227
Hays, Sharon B. Scholarship	5,160
Hoover Foundation Scholarship	100,000
Hoover, Herbert Scholarship	100,000
Huston, Doris Scholarship	12,250
Jivens, John & Carol Scholarship	4,943
Jones, Para Scholarship	20,074
Kallis, Mel Scholarship	24,135
Kimble Foundation Scholarship	65,000
Kismet Foundation Scholarship	42,000
Krugliak, Samuel Scholarship	10,500
Lavery, William Scholarship	4,900
Lemon, George W. Scholarship	10,300
Loew Family Scholarship	7,154
Luntz, William & Sharon Scholarship	12,456
Maloney, Dr. James & Sally Scholarship	10,824
Mann, Roger & Kathleen Veterans Scholarship	5,000
McGrath, John Presidential Scholarship	80,957
McIntosh, Walter & Bess Scholarship	5,000
Miller, RC Scholarship	15,000
Morford, Betty Scholarship	12,269
Rank, Ada & Helen Scholarship	40,000

**STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2013

**8. PERMANENTLY RESTRICTED NET ASSETS (continued)**

Scholarships & Loans for Students (continued):

Remark, Christopher & Stacey Nursing Scholarship	4,758
Sabe, Ahmed Scholarship	12,000
Saums, Ned Scholarship	12,966
SCADA Automotive Scholarship	75,000
Schiltz, William and Barbara Scholarship	100,837
Science Division Scholarship	5,426
Shannon, Mary & Joseph Scholarship	6,000
Shreve, Zak & Ben Scholarship	4,826
Silk, Fred F. Scholarship	315,000
Smerglia, Larry Scholarship	6,500
Smith, Marge Scholarship	18,972
Stevens, Eddie & Madeline Scholarship	6,950
Stokes, Marie Scholarship	6,202
Student Scholarship	129,745
Students of Promise Scholarship	102,040
Student Services Scholarship	2,031
Walters, Jeffrey & Brenda Scholarship	7,948
West, Charles H. and Virginia C. Scholarship	10,318
Westerbeck, John Scholarship	5,000
Wilkof, Edward & Ruth Scholarship	34,500
Wilkof, Ervin & Marie Scholarship	65,700
Wilkof, Ronald & Ruthanne Scholarship	9,850
Williams, Charles Scholarship	4,786
Young, Dale A. and Marguerite M. Scholarship	<u>64,033</u>
Total Scholarships for Students	3,550,062

Professional Development:

Faculty and Staff Professional Development	114,646
Powers, Mary Professional Development	<u>9,993</u>
Total Professional Development	124,639

Departmental Equipment and Supplies:

Instructional Resources	<u>20,123</u>
Total Departmental Equipment and Supplies	<u>20,123</u>

Total Permanently Restricted Net Assets \$ 3,694,824

## **STARK STATE COLLEGE FOUNDATION**

Notes to Financial Statements

June 30, 2013

### **9. INCOME TAXES**

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore makes no provision for income taxes.

The Foundation accounts for income taxes in accordance with the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Foundation classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of June 30, 2013, the Foundation has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

The Foundation files its Form 990 in the U.S. federal jurisdiction and an online charitable registration with the office of the state's attorney general for the State of Ohio. The Foundation is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2010.

### **10. RELATED ORGANIZATIONS**

A significant portion of the general and administrative expenses of the Foundation, including salaries, are paid directly by the College and are therefore not reflected as operating expenses of the Foundation. The Foundation contributes funds to the College for scholarships, instructional equipment, supplies and buildings. During the year ended June 30, 2013, the Foundation contributed \$380,894 to the College for scholarships, instructional equipment and supplies and buildings.



**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Stark State College Foundation

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 of the United States, the financial statements of the Stark State College Foundation (the “Foundation”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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 December 20, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Stark State College Foundation

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Cimini & Panichi, Inc.*

Cleveland, Ohio  
December 20, 2013



# Dave Yost • Auditor of State

**STARK STATE COLLEGE FOUNDATION**

**STARK 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  
JANUARY 21, 2014**