

Stark State College Foundation
(A Component Unit of Stark State College)

Financial Statements
June 30, 2016



Dave Yost • Auditor of State

Board of Directors
Stark State College Foundation
6200 Frank Ave NW
North Canton, OH 44720

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, 2015 through June 30, 2016. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 24, 2017

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Stark State College Foundation

Financial Statements

June 30, 2016

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Independent Auditor's Report

To the Board of Directors
Stark State College Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Stark State College Foundation (the "Foundation") (a not-for-profit corporation), a component unit of Stark State College, which comprise the statement of financial position as of June 30, 2016 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.

To the 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, 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Details of Restricted Net Assets beginning on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017 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.

Ciuni + Panichi, Inc.

Cleveland, Ohio
February 13, 2017

STARK STATE COLLEGE FOUNDATION
Statement of Financial Position
June 30, 2016

ASSETS

Cash and cash equivalents	\$	354,986
Unconditional promises to give:		
Unrestricted		1,178
Restricted to student services		220,854
Restricted to college equipment		1,100,851
Restricted to scholarships		1,948
Restricted to endowments		117,885
Investments held for others		256,902
Prepaid expense		3,359
Endowment assets:		
Cash and cash equivalents		114,681
Long-term investments		4,814,778
		4,929,459
TOTAL ASSETS	\$	6,987,422

LIABILITIES

Accounts payable	\$	150,046
Investments held for others		256,902
		406,948
TOTAL LIABILITIES		406,948

NET ASSETS

Unrestricted		104,171
Temporarily restricted		1,991,315
Permanently restricted		4,484,988
		6,580,474
TOTAL NET ASSETS		6,580,474
TOTAL LIABILITIES AND NET ASSETS	\$	6,987,422

The accompanying notes are an integral part of these financial statements

STARK STATE COLLEGE FOUNDATION
Statement of Activities
Year Ended June 30, 2016

UNRESTRICTED NET ASSETS

Support:		
Individuals	\$	10,137
Corporations & foundations		11,284
In-kind donations		28,310
Investment income		1,523
Investment losses		(785)
Transfers, net		(5,054)
Net assets released from restrictions:		
Restrictions satisfied by payments		1,007,527
TOTAL UNRESTRICTED SUPPORT, REVENUES, AND GAINS		1,052,942
Expenses:		
Supporting college activities:		
Scholarships and loans for students		368,967
Instructional equipment & supplies		425,544
Aesthetics		207
Professional development		5,431
Public services		1,500
Student services		208,749
Operations:		
Management and general		127
TOTAL UNRESTRICTED EXPENSES		1,010,525
INCREASE IN UNRESTRICTED NET ASSETS		42,417

TEMPORARILY RESTRICTED NET ASSETS

Support for instructional departments	1,100,851
Support for scholarships and loans for students	335,280
Support for student services	161,010
Support for Barberton campus	16,500
Support for public services	630
Support for aesthetics	300
Investment income	68,042
Investment losses	(29,687)
Transfers, net	6,955
Net assets released from restrictions:	
Restrictions satisfied by payments	(1,007,527)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	652,354

PERMANENTLY RESTRICTED NET ASSETS

Endowment fund support	339,690
Investment income	116
Investment losses	(133)
Transfers, net	(1,901)
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	337,772
INCREASE IN NET ASSETS	1,032,543
NET ASSETS AT BEGINNING OF YEAR	5,547,931
NET ASSETS AT END OF YEAR	\$ 6,580,474

The accompanying notes are an integral part of these financial statements

STARK STATE COLLEGE FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	1,032,543
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized loss on investments		30,605
Contributions restricted for long-term investments		(339,690)
Discounting of unconditional promises to give		(4,842)
Changes in operating assets and liabilities:		
Unrestricted unconditional promises to give		1,204
Restricted unconditional promises to give		(1,000,563)
Prepaid expenses		(3,359)
Accounts payable		100,606
		<hr/>
NET CASH USED IN OPERATING ACTIVITIES		(183,496)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of long-term investments		(1,020,100)
Proceeds from sale of long-term investments		691,320
Purchase of assets restricted for endowment		(114,681)
		<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(443,461)

CASH FLOWS FROM FINANCING ACTIVITIES

Collection of endowment fund support		335,020
		<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES		335,020

NET DECREASE IN CASH AND CASH EQUIVALENTS (291,937)

BEGINNING CASH AND CASH EQUIVALENTS

 646,923

ENDING CASH AND CASH EQUIVALENTS \$

 354,986

The accompanying notes are an integral part of these financial statements

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2016

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 (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 is a component unit of the College.

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 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 topic requires that resources be classified into three net asset categories according to the presence or absence of donor-imposed restrictions. A description of the categories is as follows:

Unrestricted Net Assets – Net 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 – Net 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 Net Assets – Net 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, 2016

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. Investment fees were \$34,778 during the year ended June 30, 2016.

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. Conditional promises are recorded when donor stipulations are substantially met.

Management analyzes the promises to give on a continuing basis to determine collectability and to assess the need for an allowance for doubtful accounts. Pledges are written off when collection is considered doubtful. No allowance was established as of June 30, 2016.

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.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the 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, 2016, 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 the College at no charge to the Foundation. The value of these services is not recognized in these financial statements.

In-Kind Donations

In-kind donations, when received are reflected in the accompanying Statement of Activities at their estimated fair value as of the date of receipt. Such in-kind support is offset by like amounts in instructional equipment and supplies in the accompanying Statement of Activities.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 13, 2017, the date the financial statements were available to be issued.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2016

3. INVESTMENTS

Investments consist of the following at June 30, 2016:

	<u>Foundation</u>	<u>Held for College</u>
Equity	\$ 2,975,429	\$ 172,074
Fixed income	1,509,865	65,424
Money market funds	<u>329,484</u>	<u>19,404</u>
	\$ <u>4,814,778</u>	\$ <u>256,902</u>

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 asset 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 assets and liabilities

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

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the assets and liabilities)

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

STARK STATE COLLEGE FOUNDATION
Notes to Financial Statements
June 30, 2016

4. FAIR VALUE MEASUREMENTS (continued)

The following is a summary of the inputs used as of June 30, 2016, 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:				
Corporate stock	\$ 2,975,429	\$ -	\$ -	\$ 2,975,429
Fixed income:				
Corporate notes	-	668,403	-	668,403
Mutual funds	767,753	-	-	767,753
U.S. agencies	-	73,709	-	73,709
Money market funds	<u>329,484</u>	<u>-</u>	<u>-</u>	<u>329,484</u>
	<u>\$ 4,072,666</u>	<u>\$ 742,112</u>	<u>\$ -</u>	<u>\$ 4,814,778</u>

The following is a summary of the inputs used as of June 30, 2016, in valuing the Foundation's investments held on behalf of others carried at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity:				
Corporate stock	\$ 172,074	\$ -	\$ -	\$ 172,074
Fixed income:				
Corporate notes	-	46,828	-	46,828
Mutual funds	13,432	-	-	13,432
U.S. agencies	-	5,164	-	5,164
Money market funds	<u>19,404</u>	<u>-</u>	<u>-</u>	<u>19,404</u>
	<u>\$ 204,910</u>	<u>\$ 51,992</u>	<u>\$ -</u>	<u>\$ 256,902</u>

The corporate notes and U.S. agencies are valued using a "matrix-based" pricing model. This pricing model analyzes investments with similar attributes.

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.

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

STARK STATE COLLEGE FOUNDATION
Notes to Financial Statements
June 30, 2016

5. ENDOWMENT FUND (continued)

Net Asset Classification of Endowment Funds (continued)

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, 2016, the Foundation had the following endowment related activities:

	Donor- Restricted Endowment Funds	Board- Designated Endowment Funds	Total
Investment return:			
Interest and dividends	\$ 68,158	\$ 683	\$ 68,841
Net realized and unrealized loss	<u>(29,820)</u>	<u>(785)</u>	<u>(30,605)</u>
Total investment return	38,338	(102)	38,236
Contributions	335,020	-	335,020
Transfers	(1,901)	-	(1,901)
Appropriation of endowment assets for expenditure	<u>(124,049)</u>	<u>-</u>	<u>(124,049)</u>
Total change in endowment	\$ <u>247,408</u>	\$ <u>(102)</u>	\$ <u>247,306</u>

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 513,509	\$ 4,367,103	\$ 4,880,612
Board-designated endowment funds	<u>48,847</u>	<u>-</u>	<u>-</u>	<u>48,847</u>
Total funds	\$ <u>48,847</u>	\$ <u>513,509</u>	\$ <u>4,367,103</u>	\$ <u>4,929,459</u>

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2016

5. ENDOWMENT FUND (continued)

Net Asset Classification of Endowment Funds (continued)

Changes in endowment net assets for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 48,949	\$ 599,203	\$ 4,034,001	\$ 4,682,153
Investment return:				
Interest and dividends	683	68,042	116	68,841
Net realized and unrealized loss	<u>(785)</u>	<u>(29,687)</u>	<u>(133)</u>	<u>(30,605)</u>
Total investment return	(102)	38,355	(17)	38,236
Contributions	-	-	335,020	335,020
Transfer	-	-	(1,901)	(1,901)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(124,049)</u>	<u>-</u>	<u>(124,049)</u>
Endowment net assets, end of year	\$ <u><u>48,847</u></u>	\$ <u><u>513,509</u></u>	\$ <u><u>4,367,103</u></u>	\$ <u><u>4,929,459</u></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	\$ 4,367,103
Permanently restricted net assets included in pledges receivable	<u>117,885</u>
Total permanently restricted net assets	\$ <u><u>4,484,988</u></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 the 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, 2016

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 investment 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 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 investment 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, 2016

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 using 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>
Gross receivables due within:			
Less than one year	\$ 1,188	\$ 1,291,862	\$ 1,293,050
One to five years	<u>52</u>	<u>167,606</u>	<u>167,658</u>
	1,240	1,459,468	1,460,708
Discount	<u>(62)</u>	<u>(17,930)</u>	<u>(17,992)</u>
Promises to give, net	\$ <u>1,178</u>	\$ <u>1,441,538</u>	\$ <u>1,442,716</u>

Approximately 92% of the promises to give, net balance at June 30, 2016 was due from two donors. One of these donors made contributions that approximated 56% of the total contributions revenue for the year ended June 30, 2016.

The Foundation has a conditional promise to give endowment funds from a donor based upon meeting certain matching requirements to the endowment. The total conditional promise was for \$420,000. During fiscal 2016, the Foundation recognized \$90,000 related to this promise resulting from meeting matching requirements. At June 30, 2016, the Foundation had \$260,000 remaining to be recognized under this conditional promise, provided that the matching requirements are met during the term of the promise.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily 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 and loans to the College's students, providing professional development funds to the College staff, purchasing equipment for the benefit of the College, and student services.

The temporarily restricted net assets as of June 30, 2016 are restricted for the following purposes:

Scholarships and loans for students	\$ 720,958
Aesthetics	655
Barberton campus equipment	11,028
Professional development	17,311
Departmental equipment and supplies	862,711
Student services	<u>378,652</u>
Total temporarily restricted net assets	\$ <u>1,991,315</u>

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2016

7. TEMPORARILY RESTRICTED NET ASSETS (continued)

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

Scholarships and loans for students	\$	368,967
Aesthetics		207
Barberton campus equipment		10,472
Professional development		5,431
Departmental equipment and supplies		412,201
Student services		208,749
Public service		<u>1,500</u>
Total net assets released from donor restrictions	\$	<u>1,007,527</u>

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity and the income from which is expendable for scholarships and loans to the College's students, providing professional development funds to the College staff, and student services.

The permanently restricted net assets as of June 30, 2016 are restricted for the following purposes:

Scholarships and loans for students	\$	4,340,225
Professional development		124,640
Departmental equipment and supplies		<u>20,123</u>
Total permanently restricted net assets	\$	<u>4,484,988</u>

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 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, 2016, 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.

STARK STATE COLLEGE FOUNDATION

Notes to Financial Statements

June 30, 2016

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, 2016, the Foundation contributed \$982,086 to the College for scholarships, instructional equipment, and supplies and buildings.

The Foundation is investing \$256,902 on behalf of the college as reflected in the Statement of Financial Position as “investments held for others.”

The Foundation has a net payable due the college in the amount of \$150,046 for equipment and scholarships.

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS

Scholarships and loans for students:

Abel, Larry Scholarship	\$	2,217
Akron Children's Hospital Scholarship		10,636
Albert, Leon & Helene Scholarship		1,958
Allied Dental Health Professionals Scholarship		1,230
Alumni Class Scholarship		7,536
APC Title III Grant		6,167
Aultman Hospital Scholarship		5,207
Automotive Department Scholarship		424
Bobbitt, Robert T. and Hortense Scholarship		1,949
Bolgrin, Harrison Scholarship		89
Bridgestone/Firestone Automotive Scholarship		1,490
Cain, Alice PTA Scholarship		126
Cain, Edward and Henry Automotive Scholarship		23,713
Canton APICS Scholarship		3,033
Canton Carnival of Wheels Automotive Scholarship		10,350
Canton city School Scholarship		1,000
Career Development Scholarship		393
Chesapeake Energy Corporation Scholarship		500
Chevron ShaleNET Scholarship		98,855
Chiappini, Thomas & Deborah Scholarship		37
Chief Kerry Allan Ball Emergency Services Scholarship		351
Cleveland Auto Dealers Grant		12,750
Colaner, David & Pauline Scholarship		1,223
College Store Scholarship		71
Dean Brown Memorial Scholarship		72
DeHoff Family Scholarship		808
Deuble Foundation Scholarship		6,736
Diamond, J. Edward & Janet Scholarship		853
Diebold Foundation Scholarship		25,723
Disability Support Services Scholarship		96
Diversity Scholarship		9,569
Dominion East Ohio Gas Co. Scholarship		1,964
Droney Scholarship		337
Dyer, Dan & Sara Scholarship		234
Efremoff, Tony & Sally Scholarship		3,378
Emergency Services Chief Ball		500
Engineering Memorial Scholarship		3,461
Eva Marie Gallagher Scholarship		3,000
Faculty Association Scholarship		5,489
Feaser, Paul & Susan Scholarship		2,398
Fisher, Janet C. Scholarship		2,499
Flowers, Albert & Edith Scholarship		2,280
Fortisure Foundation Scholarship		135,389
GAR Dual Enrollment Scholarship		34,000
Gibson, Jeromy Com Service Membership		2,534

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS (continued)

Scholarships and loans for students (continued):

Graco Engineering Scholarship	2,500
Gregory, Steve and Lisa Scholarship	14
Hallier, Robert & Celine Scholarship	57
Hamilton, Lynn Scholarship	1,052
Hatton, Katy Scholarship	1,447
Haverlock Scholarship	189
Hays, Sharon B. Memorial Scholarship	441
Health Foundation Greater Massillon	5,000
Hess-Williams Ruth Health Scholarship	2,500
Hilscher-Clarke Electrical Engineering Scholarship	1,500
Hinderer, James & Polly Scholarship	702
Hinderer, James & Pauline Scholarship	500
Hinderer, Robert & Gladys Scholarship	712
Hoover Foundation Scholarship	3,096
Hoover, Herbert Scholarship	13,508
Huston, Doris Scholarship	2,028
Jivens, John & Carol Scholarship	758
Jones, Para Scholarship	1,719
Judith Barnes Lancaster Scholarship	351
Kaboth Family Book Scholarship	500
Kallis, Mel Scholarship	3,329
Kennan Advantage Automotive Scholarship	2,500
Kids College Scholarship	717
Kimble Scholarship	15,040
Kirsch, Roland Mechanical Engineering Scholarship	1,000
Kismet Foundation Scholarship	8,070
Krugliak, Samuel Scholarship	1,238
Labowitz, Rebecca Scholarship	20
Lally Eberhart Scholarship	90
Lavery, William Scholarship	866
Lemon, George W. Scholarship	1,850
Loew Family Scholarship	1,715
Longo Sports Medicine Scholars	29
Maloney, Dr. James & Sally Scholarship	1,419
Management & Marketing Scholarship	100
Mann, Roger & Kathleen Scholarship	978
Marathon CDL Scholarship	15,000
Martin II, Donnie Memorial Scholarship	32
McGrath, John Presidential Scholarship	10,903
McIntosh, Walter & Bess Scholarship	749
Miller, Ron Scholarship	122
Miller, Timothy Scholarship	480
Morford, Betty Scholarship	1,342
Moyer, Art Endowment Scholars	43
Moyer, Art Project Scholarship	165

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS (continued)

Scholarships and loans for students (continued):

Myers, Selena Scholarship	37
Northern Ohio Golf Scholarship	7,148
Nursing and Respiratory Scholarship	20
Oil & Gas Scholarship	53
Physical Plant	11
Picone, Joan M Scholarship	300
President's Scholars Award	3,837
R.C. Miller Scholarship	1,209
Rank, Ada & Helen Scholarship	5,831
Refrigerator Service Eng Soc HVAC	974
Remark, Christopher & Stacey Scholarship	186
Robbins, Anna M Memorial Scholarship	21
Sabe, Ahmed Alliance High School Scholarship	10,000
Sabe, Ahmed Scholarship	2,538
Saums, Ned Scholarship	1,009
SCADA Automotive Scholarship	5,456
Schiltz Family Scholarship	4,552
Schiltz, William & Barbara Scholarship	11,706
Schonhoft/Presper Fin/Acctng Scholarship	10
Science Division Scholarship	504
Shankle, Laurie Scholarship	83
Shannon, Mary & Joseph Scholarship	1,461
Shreve, Zak & Ben Scholarship	571
Silk, Fred F. Scholarship	54,486
Smerglia, Larry Scholarship	831
Smith, Fred Scholarship	55
Smith, Marge Scholarship	3,551
SSC Trustees Scholarship	58
Sterner, Jayne Scholarship	189
Stevens, Eddie & Madeline Scholarship	2,086
Stokes, Marie Scholarship	593
Strouble, Thomas Scholarship	150
Student Scholarship	22,851
Students of Promise Scholarship	19,915
Veterans Scholarship	301
Wackerly, Patricia & DeChellis, Gene	75
Walters, Jeffrey & Brenda Scholarship	1,863
West, Charles H. & Virginia C. Scholarship	1,381
Westerbeck, John Scholarship	818
Wilkinson, James Memorial Culinary Scholarship	459
Wilkof, Edward & Ruth Scholarship	2,620
Wilkof, Ervin & Marie Scholarship	3,826
Wilkof, Ronald & Ruthanne Scholarship	7,948
Williams, Charles Scholarship	374
Youngs Scholarship	15
Total scholarships and loans for students	<u>720,958</u>

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS (continued)

Aesthetics:

Pathway to the future	<u>655</u>
Total aesthetics	655

Barberton campus equipment:

Barberton Campus	5,528
Barberton Community	<u>5,500</u>
Total Barberton campus equipment	11,028

Professional development:

Faculty and Staff Professional Development	<u>17,311</u>
Total professional development	17,311

Departmental equipment and supplies:

Electrical Engineering Equipment	3,050
Instructional Resources	4,699
Oil & Gas Lab	46,566
Paramedics/RN Lab Equipment	179
Refrigerator Service Eng. Soc. HVAC	5,000
Timken Manufacturing Equipment grant	<u>803,217</u>
Total departmental equipment and supplies	862,711

Student services:

Charles Schell Revolving Student	96,910
Culinary Arts	453
Great Lakes College Ready	241,197
Lally Eberhart Culinary Arts	400
Lamplighter	2,691
LGBTS Global Student Club	2,257
Society of Women in Engineering	160
SSC Alumni Networking Grant	1,748
SSC Veteran Emergency Fund	10,250
We are IT	<u>22,586</u>
Total student services	<u>378,652</u>

Total temporarily restricted net assets	\$ <u><u>1,991,315</u></u>
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TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION

Scholarships and loans for students:

Abel, Larry Scholarship	\$ 485
Akron Children's Hospital Scholarship	2,388
Albert, Leon & Helene Scholarship	770
Alumni Class Scholarship	3,255
AT&T Scholarship	7,500
Aultman Hospital Scholarship	1,400

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION (continued)

Scholarships and loans for students (continued):

Automotive Department Scholarship	250
Bobbitt, Robert T. and Hortense Scholarship	488
Bolgrin, Harrison Scholarship	100
Bridgestone/Firestone Automotive Scholarship	942
Cain, Edward and Henry Automotive Scholarship	10,499
Cain, Alice PTA Scholarship	225
Canton APICS Scholarship	990
Canton Carnival Wheels Scholarship	11,450
Chesapeake Energy Corp. Scholarship	7,500
Chevron ShaleNET Scholarship	91,608
Cleveland Auto Dealers Grant	17,550
Colaner, David & Pauline Scholarship	445
Cross Scholarship	500
DeHoff Scholarship	219
Deuble Foundation Scholarship	4,200
Diamond J. Edward & Janet Scholarship	443
Diebold Foundation Scholarship	3,000
Diversity Scholarship	2,852
Emergency Services Chief Ball	1,500
Engineering Memorial Scholarship	950
Faculty Association Scholarship	2,445
Feaser, Paul & Susan Scholarship	250
Fisher, Janet C. Scholarship	924
Flowers, Albert & Edith Scholarship	1,680
Fortisure Foundation Scholarship	16,000
GAR Dual Enrollment Scholarship	16,000
GAR Scholarship	11,751
Graco Engineer Scholarship	10,000
Hallier, Robert & Celine Scholarship	461
Hamilton, Lynn Scholarship	497
Hatton, Katy Scholarship	260
Haverlock, William & Martha Scholarship	100
Hays, Sharon B. Scholarship	272
Health Foundation Greater Massillon	5,000
Hess Williams Ruth Health Scholarship	17,500
Hinderer, R & G Scholarship	215
Hoover, Herbert Scholarship	3,600
Houston, Doris Scholarship	462
Jones, Para Scholarship	476
Kallis, Mel Scholarship	1,000
Kennan Advantage Auto Scholarship	5,000
Kimble Foundation Scholarship	3,000
Kirsch, Roland Scholarship	1,000
Kismet Foundation Scholarship	1,715
Krugliak, Samuel Scholarship	675

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION (continued)

Scholarships and loans for students (continued):

Lally Eberhart Scholarship	13
Lemon, George W. Scholarship	491
Loew Family Scholarship	324
Luntz, William & Sharon Scholarship	640
Maloney Family Scholarship	293
Mann, Roger & Kathleen	232
Marathon Process Scholarship	12,000
McGrath, John Presidential Scholarship	3,450
McIntosh, Walter & Bess Scholarship	194
Miller Ron Scholarship	205
Morford, Betty Scholarship	644
Moyer, Art Endowment Scholarship	3
Moyer, Art Project Scholarship	150
Northern Ohio Golf Charities Vet Grant	2852
Picone, Joan M. Scholarship	206
President's Scholars Award	1,989
R.C. Miller Scholarship	1,461
Rank, Ada & Helen Scholarship	1,920
Refrigeration Services HVAC Scholarship	5,026
Saums, Ned Scholarship	1,044
SCADA Automotive Scholarship	2,125
Schlitz, William & Barbara Scholarship	16,000
Schiltz W&B Scholarship	4,250
Shannon, Mary & Joseph Scholarship	300
Shreve, Zak & Ben Scholarship	140
Silk, Fred F. Scholarship	14,680
Smerglia, Larry & Ginny Scholarship	312
Smith, Marge Scholarship	773
SSC Faculty Scholarship	2,059
SSC Trustee Scholarship	7
Stark Comm Foundation Scholarship	5,415
Sterner, Jayne Scholarship	205
Stevens, Eddie & Madeline Scholarship	182
Stokes, Marie Scholarship	154
Student Scholarship	5,950
Veteran's Scholarship	2
Walters, Jeffery Scholarship	377
West, Charles H. and Virginia C. Scholarship	464
Westerbeck, John Scholarship	166
Wilkof, Ervin & Marie Scholarship	1,860
Wilkof, Edward & Ruth Scholarship	1,395
William Lucas Accounting Scholarship	11
Williams, Charles Scholarship	11
Yesterday's Classic Auto Scholarship	1,000
Young, Dale A. and Marguerite M. Scholarship	6,200
Total scholarships and loans for students	<u>368,967</u>

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION (continued)

Aesthetics:

Pathway to the Future	207
Total aesthetics	<u>207</u>

Barberton campus equipment:

Barberton Campus Equipment	10,472
Total Barberton campus equipment	<u>10,472</u>

Professional development:

Faculty and Staff Professional Development	5,074
Powers, Mary Professional Development	357
Total professional development	<u>5,431</u>

Departmental equipment and supplies:

Oil & Gas Lab	793
Timken Equipment Manufacturing grant	297,633
Workforce Development Software	<u>113,775</u>
Total departmental equipment and supplies	412,201

Student services:

Charles Schell Student grant	3,090
Great Lakes College Ready Project	160,072
Great Lakes Dash Program	21,597
Hoover Digital Media Day	20,000
LGBTs	736
Lally Eberhart Culinary Arts	100
SC Alumni networking grant	740
We Are It	<u>2,414</u>
Total student services	208,749

Public service:

DOL American Apprentice Fund	<u>1,500</u>
Total public service	<u>1,500</u>

Total temporarily restricted net assets released from restriction \$ 1,007,527

PERMANENTLY RESTRICTED NET ASSETS

Scholarships and loans for students:

Abel, Larry Scholarship	\$ 11,541
Akron Children's Hospital Scholarship	50,247
Albert, Leon & Helene Scholarship	18,759
Allied Dental Health Professionals Scholarship	8,050
Alumni Class Scholarship	97,891
APC Title III Grant	160,000

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

PERMANENTLY RESTRICTED NET ASSETS (continued)

Scholarships and loans for students (continued):

Aultman Hospital Scholarship	30,250
Automotive Department Scholarship	17,604
Ball, Chief Kerry Allan Emergency Services Scholarship	5,000
Bobbitt, Robert T. and Hortense Scholarship	10,495
Bolgrin, Harrison Scholarship	6,421
Bridgestone/Firestone Automotive Scholarship	12,550
Cain, Alice PTA Scholarship	6,310
Cain, Edward and Henry Automotive Scholarship	242,000
Canton APICS Scholarship	20,755
Career Development Scholarship	8,156
Chiappini, Thomas & Deborah Scholarship	5,070
Colaner, David & Pauline Scholarship	10,005
College Store Scholarship	5,310
Dean Brown Memorial Scholarship	19,410
DeHoff Family Scholarship	5,500
Deuble Foundation Scholarship	102,500
Diamond, J. Edward & Janet Scholarship	10,000
Diebold Foundation Scholarship	100,000
Disability Support Services Scholarship	9,023
Diversity Scholarship	62,826
Dominion East Ohio Gas Company Scholarship	10,000
Droney Scholarship	5,228
Dyer, Dan & Sara Scholarship	10,000
Efremoff Culinary Scholarship	500
Efremoff, Tony & Sally Scholarship	1,720
Engineering Memorial Scholarship	23,118
Faculty Association Scholarship	31,893
Feaser, Paul & Susan Scholarship	11,153
Fisher, Janet C. Scholarship	40,323
Flowers, Albert & Edith Scholarship	41,500
Fortisure Foundation Scholarship	1,000,000
Gibson, Doris Scholarship	4,775
Gregory, Steve & Lisa Scholarship	2,000
Gwin, Scott and Monice Scholarship	892
Hallier, Robert & Celine Scholarship	6,602
Hamilton, Lynn Scholarship	5,500
Hatton, Katy Scholarship	5,477
Haverlock, William & Martha Scholarship	10,788
Hays, Sharon B. Scholarship	8,360
Hillery, John Memorial HVAC Scholarship	50,500
Hinderer, Robert & Gladys Scholarship	10,091
Hinderer, James and Polly Scholarship	10,092
Hoover Foundation Scholarship	100,000
Hoover, Herbert Scholarship	100,000
Huston, Doris Scholarship	11,734

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

PERMANENTLY RESTRICTED NET ASSETS (continued)

Scholarships and loans for students (continued):

Jivens, John & Carol Scholarship	5,168
Jones, Para Scholarship	30,992
Kaboth Family Scholarship	3,800
Kallis, Mel Scholarship	26,100
Kimble Foundation Scholarship	75,000
Kismet Foundation Scholarship	42,000
Kozy Corsaut-Kay Hanna Scholarship	1,200
Krugliak, Samuel Scholarship	16,300
Lancaster, Judith E Barnes Scholarship	5,000
Labowitz, Rebecca Scholarship	1,264
Lally Eberhart Scholarship	5,700
Lavery, William Scholarship	5,500
Lemon, George W. Scholarship	12,305
Loew Family Scholarship	11,824
Longo Sports Medicine Scholarship	3,578
Luntz, William & Sharon Scholarship	24,901
Maloney, Dr. James & Sally Scholarship	12,340
Management & Marketing Scholarship	4,726
Mann, Roger & Kathleen Veterans Scholarship	5,000
Martin II, Donnie Memorial Scholarship	3,042
McGrath, John Presidential Scholarship	82,457
McIntosh, Walter & Bess Scholarship	5,100
Miller, Ron Scholarship	5,000
Miller, Timothy Scholarship	29,664
Morford, Betty Scholarship	13,117
Moyer, Art Endowment Scholarship	6,062
Myers, Selena Barberton Scholarship	6,201
Nursing & Respiratory Scholarship	1,401
Oil & Gas Scholarship	5,518
Physical Plant	2,857
Picone, Joan M. Scholarship	7,914
R.C. Miller Scholarship	55,000
Rank, Ada & Helen Scholarship	55,000
Remark, Christopher & Stacey Nursing Scholarship	4,832
Robbins, Anna M. Memorial Scholarship	1,236
Rohm Family Scholarship	6,245
Rolling Thunder Veteran Scholarship	5,000
Sabe, Ahmed Scholarship	22,000
Saums, Ned Scholarship	12,966
SCADA Automotive Scholarship	75,000
Schiltz, William and Barbara Scholarship	100,837
Science Division Scholarship	12,478
Shankle, Laurie Scholarship	5,050
Shannon, Mary & Joseph Scholarship	9,000
Shreve, Zak & Ben Scholarship	5,525

STARK STATE COLLEGE FOUNDATION

Details of Restricted Net Assets

June 30, 2016

PERMANENTLY RESTRICTED NET ASSETS (continued)

Scholarships and loans for students (continued):

Silk, Fred F. Scholarship	340,000
Smerglia, Larry Scholarship	9,500
Smith, Fred Criminal Justice Scholarship	6,450
Smith, Marge Scholarship	26,128
SSC Trustees Scholarship	3,625
Sterner, Jayne Scholarship	7,611
Stevens, Eddie & Madeline Scholarship	10,400
Stokes, Marie Scholarship	10,795
Student Scholarship	135,064
Students of Promise Scholarship	103,379
Student Services Scholarship	5
Veteran's Scholarship	13,608
Wackerly, Patricia & Gene DeChellis Scholarship	5,025
Wallace Linville Family Scholarship	5,967
Walters, Jeffrey & Brenda Scholarship	14,610
West, Charles H. and Virginia C. Scholarship	10,317
Westerbeck, John Scholarship	7,000
Wilkinson, James Memorial Culinary Scholarship	15,005
Wilkof, Edward & Ruth Scholarship	35,000
Wilkof, Ervin & Marie Scholarship	108,150
Wilkof, Ronald & Ruthanne Scholarship	32,395
William Lucas Accounting Scholarship	1,035
Williams, Charles Scholarship	4,962
Young, Dale A. and Marguerite M. Scholarship	<u>65,075</u>
Total scholarships and loans for students	4,340,225

Professional development:

Faculty and Staff Professional Development	114,647
Powers, Mary Professional Development	<u>9,993</u>
Total professional development	124,640

Departmental equipment and supplies:

Instructional Resources	<u>20,123</u>
Total departmental equipment and supplies	<u>20,123</u>

Total permanently restricted net assets \$ 4,484,988

**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***

To the 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 General of the United States, the financial statements of Stark State College Foundation (the "Foundation") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016, 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 February 13, 2017.

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 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. 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.

To the 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.

Ciuni + Panichi, Inc.

Cleveland, Ohio
February 13, 2017

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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
MARCH 9, 2017**