

**CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION**
Wilberforce, Ohio

FINANCIAL STATEMENTS
For the period from December 1, 2019 to June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Management and the Board of Directors
Central State University Innovation and Development Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Central State University Innovation and Development Foundation (the 'Foundation'), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets and cash flows for the period from December 1, 2019 through June 30, 2021, 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 *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 entity'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 entity'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.

(Continued)

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, 2021, and the changes in its net assets and its cash flows for the period from December 1, 2019 through June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023 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 the effectiveness of the 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.


Crowe LLP

Columbus, Ohio
February 23, 2023

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2021

Assets	
Cash and cash equivalents	\$ 573,975
Other receivables	272
Due from Central State University	<u>423,779</u>
Total assets	<u>998,026</u>
Liabilities	
Payable to Central State University	<u>89,678</u>
Total liabilities	<u>89,678</u>
Net Assets	
Without donor restrictions	236,622
With donor restrictions	<u>671,726</u>
Total net assets	<u>908,348</u>
Total liabilities and net assets	<u>\$ 998,026</u>

See accompanying notes to financial statements.

CENTRAL STATE UNIVERSITY
 INNOVATION AND DEVELOPMENT FOUNDATION
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 For the period from December 1, 2019 to June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 222,385	\$ 672,718	\$ 895,103
Other	45,168	125,646	170,814
Net assets released from restrictions	<u>126,638</u>	<u>(126,638)</u>	<u>-</u>
Total revenue	<u>394,191</u>	<u>671,726</u>	<u>1,065,917</u>
Expenses			
Programs:			
Scholarship programs	23,084	-	23,084
Academic programs	83,380	-	83,380
Institution programs	14,644	-	14,644
Student support programs	33,569	-	33,569
Operating expenses	<u>2,892</u>	<u>-</u>	<u>2,892</u>
Total expenses	<u>157,569</u>	<u>-</u>	<u>157,569</u>
Change in net assets	236,622	671,726	908,348
Net assets - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u><u>\$ 236,622</u></u>	<u><u>\$ 671,726</u></u>	<u><u>\$ 908,348</u></u>

See accompanying notes to financial statements.

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
For the period from December 1, 2019 to June 30, 2021

Cash flows from operating activities	
Change in net assets	\$ 908,348
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(423,779)
Other receivable	(272)
Accounts payable	<u>89,678</u>
Net cash from operating activities	<u>573,974</u>
Net change in cash and cash equivalents	573,974
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ 573,974</u></u>

See accompanying notes to financial statements.

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the period from December 1, 2019 to June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity: Central State University Innovation and Development Foundation (the "Foundation") is an Ohio nonprofit corporation and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Central State University Innovation and Development Foundation was formed to receive contributions, which are to be used to support the educational undertakings of Central State University (the "University"). The Foundation is a component unit of the University. All significant intercompany accounts and transactions have been eliminated.

Method of Accounting and Basis of Presentation: The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. For external financial reporting purposes, in accordance with Accounting Standards Codification (ASC) 958, the Foundation presents its consolidated financial statements by net assets without donor restrictions and with donor restrictions classifications. The Foundation's significant accounting policies are described below.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents: The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk Arising from Deposit Accounts: The Foundation maintains cash balances at a bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation evaluates the financial institutions with which it deposits funds; however, not all cash deposits are fully insured.

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

Net Assets Without Donor Restrictions: These funds are used to account for all financial resources presently available for use by the Foundation.

Net Assets With Donor Restrictions: These funds are used to account for resources presently available for use, but expendable only for purposes specified by the donor. The Foundation had the following significant, funds with donor restrictions:

- General Scholarship Fund: This fund receives contributions for general scholarships to students who demonstrate financial need.
- College of Science and Engineering Funds: This fund receives contributions for the purpose of supporting programs and scholarships within the College of Science and Engineering.
- Memorial Scholarships: This fund receives contributions for the purpose of designated scholarships for student who demonstrate high achievement and community service.

Expiration of Donor-Imposed Restrictions: The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without donor restrictions. A restriction expires when either the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(Continued)

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the period from December 1, 2019 to June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the change of restrictions specified by the donors. When an expense is incurred for purposes for which both without donor restrictions and without donor restrictions resources are available, it is the Foundation's policy to apply restricted resources first, then resources without restrictions as needed.

Contributions: Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as support without donor restrictions. Other donor-restricted gifts are reported as support with donor restrictions and net assets in accordance with donor stipulations.

Revenue Recognition: Unconditional promises to give are recognized as revenues on a discounted basis in the period made. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. Other revenue consists of miscellaneous fees, dues, and special events organized by the Foundation.

Income Taxes: The Foundation operates as a nonprofit corporation and has been determined to be exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including February 23, 2023, which is the date the financial statements were issued.

NOTE 2 - CLASSIFICATION OF NET ASSETS

Details of the Foundation's net assets with donor restrictions at June 30, 2021:

<u>2021</u>	<u>With Donor Restrictions</u>
Academic	\$ 100,714
Scholarship	236,319
Other general funds	<u>334,693</u>
Total net assets	\$ <u>671,726</u>

Net Assets released from restriction totaled \$126,638 for the period ended June 30, 2021.

CENTRAL STATE UNIVERSITY
 INNOVATION AND DEVELOPMENT FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 For the period from December 1, 2019 to June 30, 2021

NOTE 3 – RELATED PARTY TRANSACTIONS

The University provides certain administrative, accounting, accounts payable, and payroll services on behalf of the Foundation. The Foundation operates exclusively for the benefit of the University and reimburses the University for costs incurred. The Foundation owed the University \$89,678 related to these expenses at June 30, 2021.

The University collected donations on behalf of the Foundation that were not transferred over to the Foundation cash accounts during the year. As of June 30, 2021 the University owed the Foundation \$423,779 for these revenues.

NOTE 4 – EXPENSES BY NATURE

The statement of activities report certain categories of expenses attributable to the programs and supporting functions of the Foundation. Program Activities include Scholarship, Academic, Institutional, and Student Support. The table below presents these functional expenses by their natural classification for the year ended June 30, 2021.

	PROGRAM ACTIVITIES					SUPPORTING ACTIVITIES		Total Expenses
	Scholarship	Academic	Institutional	Student Support	Program Subtotal	Operating	Support Subtotal	
Staffing Expense	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Scholarships	23,084	4,850	11,000	-	38,934	-	-	38,934
Contractual Expenses	-	78,530	-	-	78,530	-	-	78,530
Improvements	-	70,700	-	-	70,700	-	-	70,700
General & Administrative	-	-	2,144	33,569	35,713	2,892	2,892	38,605
	<u>\$ 23,084</u>	<u>\$ 83,380</u>	<u>\$ 14,644</u>	<u>\$ 33,569</u>	<u>\$ 154,677</u>	<u>\$ 2,892</u>	<u>\$ 2,892</u>	<u>\$ 157,569</u>

Expenses are allocated between the various programs and support activities on an actual basis, where available, or based upon the functional expense area most related to their purpose. Salaries are allocated to areas of operations in which the individual employees' activities are performed.

NOTE 5 – LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial Assets	\$ 908,348
Less: Assets required to be maintained to comply with donor restrictions	<u>671,726</u>
	<u>\$ 232,622</u>

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets determined to be liquid and available in the table above include unrestricted cash and other receivable due in one year. The liquid financial assets presented above also include all assets that the Foundation maintains to comply with donor restrictions.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Management and the Board of Trustees
Central State University Innovation and Development 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 Central State University Innovation and Development Foundation (the 'Foundation'), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets (deficit), and cash flows for the period from December 1, 2019 through June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

(Continued)

Compliance and Other Matters

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

Foundation's Response to Findings

The Foundation's response to the findings identified in our audit are described in the accompanying Schedule of Findings. The Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Columbus, Ohio
February 23, 2023

CENTRAL STATE UNIVERSITY
INNOVATION AND DEVELOPMENT FOUNDATION
SCHEDULE OF FINDINGS
June 30, 2021

FINDING 2021-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING

Criteria:	The Foundation should have internal controls over the financial reporting process designed to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.
Condition:	Internal controls over financial reporting were not established by the Foundation to ensure that complete and accurate financial statements were prepared.
Context:	Material adjusting and reclassification entries were necessary as a result of audit procedures. Additionally, the financial statement draft provided by management did not include all required disclosures.
Effect:	The financial statements required audit adjustments and reclassifications and additional footnote disclosures to be added.
Cause:	The Foundation did not establish internal controls over financial reporting.
Repeat Finding:	No
Recommendation:	We recommend the Foundation establish internal controls over financial reporting to ensure financial statements prepared by management are complete and accurate.
Response:	<p>The Foundation concurs with the finding. Management is realigning the accounting area to ensure all staff are knowledgeable and trained in the closing and reporting process.</p> <p>Periodic reviews and monthly reconciliations will be performed and verified by upper management.</p> <p>Management will improve documentation of the year-end closing process to make sure all adjustments have been processed in a timely manner. This documentation is being developed and will be incorporated into the monthly financial statement reviews. These new monthly financial statement review meetings will strengthen the financial process and reduce the number of year-end adjusting entries and corrections to the financial ledger.</p>