

CENTRAL STATE UNIVERSITY INNOVATION AND  
DEVELOPMENT FOUNDATION  
GREENE COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED JUNE 30, 2022

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

**FINANCIAL STATEMENTS**  
For the year ended June 30, 2022

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
Wilberforce, Ohio

FINANCIAL STATEMENTS  
For the year ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of Central State University Innovation and Development Foundation (the 'Foundation'), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 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 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 Foundation's 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  
October 4, 2023

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
June 30, 2022

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**Assets**

Cash and cash equivalents	\$ 2,146,076
Other receivable	1,522
Due from Central State University	<u>586,984</u>
Total assets	<u>\$ 2,734,582</u>

**Liabilities**

Payable to Central State University	<u>\$ 1,035,518</u>
Total liabilities	1,035,518

**Net Assets**

Without donor restrictions	798,899
With donor restrictions	<u>900,165</u>
Total net assets	<u>1,699,064</u>
Total liabilities and net assets	<u>\$ 2,734,582</u>

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See accompanying notes to financial statements.

CENTRAL STATE UNIVERSITY  
 INNOVATION AND DEVELOPMENT FOUNDATION  
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 For the year ended June 30, 2022

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue</b>			
Contributions	\$ 588,666	\$ 737,567	\$ 1,326,233
Net assets released from restrictions	<u>479,128</u>	<u>(479,128)</u>	<u>-</u>
Total revenue	<u>1,067,794</u>	<u>258,439</u>	<u>1,326,233</u>
<b>Expenses</b>			
Programs:			
Scholarship programs	331,030	-	331,030
Academic programs	111,325	-	111,325
Institution programs	76,433	-	76,433
Public services	5,547	-	5,547
Student support services	<u>11,182</u>	<u>-</u>	<u>11,182</u>
Total expenses	<u>535,517</u>	<u>-</u>	<u>535,517</u>
Change in restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
<b>Change in net assets</b>	<b>562,277</b>	<b>228,439</b>	<b>790,716</b>
Net assets – beginning of year	<u>236,622</u>	<u>671,726</u>	<u>908,348</u>
<b>Net assets – end of year</b>	<b>\$ 798,899</b>	<b>\$ 900,165</b>	<b>\$ 1,699,064</b>

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See accompanying notes to financial statements.

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2022

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ 790,716
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(163,205)
Other receivable	(1,250)
Accounts payable	945,840
Net cash from operating activities	<u>1,572,101</u>
<b>Net change in cash and cash equivalents</b>	1,572,101
Cash and cash equivalents – beginning of year	<u>573,974</u>
<b>Cash and cash equivalents – end of year</b>	<u>\$ 2,146,076</u>

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See accompanying notes to financial statements.



CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

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**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.
- Phoneathon Scholarship Fund: This fund receives contributions for scholarships to students who demonstrate financial need.
- President Jack Thomas Scholarship Fund: This fund receives contributions for scholarships to students who demonstrate financial need.
- Class of 1971 Fund: This fund receives contributions for scholarships to students who demonstrate financial need.

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(Continued)

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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, 2022, 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 October 4, 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, 2022:

<u>2022</u>	<u>With Donor Restrictions</u>
Academic	\$ 88,451
Scholarship	467,684
Other general funds	<u>344,030</u>
Total net assets	<u>\$ 900,165</u>

Net Assets released from restriction totaled \$479,128 for the period ended June 30, 2022.

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(Continued)

CENTRAL STATE UNIVERSITY  
 INNOVATION AND DEVELOPMENT FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 For the year ended June 30, 2022

**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 \$1,035,518 related to these expenses at June 30, 2022.

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, 2022 the University owed the Foundation \$586,984 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, 2022.

	PROGRAM ACTIVITIES				SUPPORTING ACTIVITIES		Total Expenses
	Scholarship	Academic	Institutional	Program Subtotal	Operating	Support Services	
Staffing Expense	\$ -	\$ -	\$ 3,003	\$ 3,003	\$ -	\$ -	\$ 3,003
Scholarships	331,030	16,800	19,000	366,830	-	-	366,830
CFA Expenses	-	59,573	-	59,573	-	-	59,573
Other College Expenses	-	34,952	24,430	59,382	-	-	59,382
General & Administrative	-	-	30,000	30,000	2,212	14,517	46,729
	<u>\$ 331,030</u>	<u>\$ 111,325</u>	<u>\$ 76,433</u>	<u>\$ 518,788</u>	<u>\$ 2,212</u>	<u>\$ 14,517</u>	<u>\$ 535,517</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	\$ 1,699,064
Less: Assets required to be maintained to comply with donor restrictions	<u>900,165</u>
	<u>\$ 798,899</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.

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CENTRAL STATE UNIVERSITY  
 INNOVATION AND DEVELOPMENT FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 For the year ended June 30, 2022

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**NOTE 6 - DONOR ENDOWMENTS**

The Foundation's endowment includes one donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Foundation has interpreted the Ohio Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical 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 net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The composition of net assets by type of endowment fund at June 30, 2022 was:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<u>June 30, 2022</u>			
Donor-restricted endowment funds	\$ -	\$ 25,000	\$ 25,000

The changes in endowment net assets for the fiscal year ended June 30, 2022 was:

		<u>With Donor Restrictions</u>
Endowment net assets, Beginning of the year	\$	-
Net realized and unrealized gains and (losses)		-
Investment income		-
Total investment gain (loss)		-
Contributions		25,000
Administrative fee		-
Scholarships		-
Appropriation for expenditure		-
Endowment net assets, End of the year	<u>\$</u>	<u>25,000</u>

(Continued)

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

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**NOTE 6 - DONOR ENDOWMENTS** (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2022.

Return Objectives and Risk Parameters: The Foundation has not adopted investment and spending policies for endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods.

Strategies Employed for Achieving Objectives: The Foundation has not adopted any strategies for achieving its objectives during the fiscal year.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation is authorized only to expend the investment income and/or accumulated income above the principal amount from the invested endowment funds, and the remaining income is to be reinvested. Appropriations are discretionary. If an investment loss is incurred, the loss is allocated entirely as currently expendable. The Foundation does not have a current spending policy. Appropriation for expenditure amounts totaled \$0 during the year ended June 30, 2022.

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, 2022, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2023.

**Report on 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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001, 2022-002 and 2022-003 that we consider to be material weaknesses.

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## Report on 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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements 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  
October 4, 2023

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2022

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**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. Other control issues identified were: <ul style="list-style-type: none"><li>• Lack of documented board meetings.</li><li>• Related party (inter-entity accounts) reconciliations were not prepared and reviewed timely.</li><li>• Bank reconciliations were not prepared and reviewed timely.</li><li>• Accounts payable reconciliations were not prepared and reviewed timely.</li><li>• No documented procedures on approvers for expenses for each fund was identified.</li><li>• Expense documentation was not addressed to the Foundation.</li></ul>
Effect:	The financial statements required audit adjustments and reclassifications and additional footnote disclosures to be added. Without reconciliations being completed timely, errors can occur and may not be identified. Additionally, expenses can be recorded or approved incorrectly without proper invoicing and without the proper approval process being documented.
Cause:	The Foundation did not establish internal controls over financial reporting.
Repeat Finding:	Yes
Recommendation:	We recommend the Foundation establish internal controls over financial reporting to ensure financial statements prepared by management are complete and accurate. Board meetings should be held at least quarterly. We recommend that monthly reconciliations for related parties, cash and accounts payable be performed. Also, we recommend that procedures identifying the proper approver for expenses for each fund be developed and that all expenses be addressed to the Foundation.

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(Continued)



CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2022

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**FINDING 2021-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING (Continued)**

Response: The Foundation concurs with the finding. Management is realigning the Foundation oversight within the University under the direction of Institutional Advancement (I/A). The current finance/accounting staff will develop the template to ensure all I/A staff are knowledgeable and trained in the closing and reporting process. In addition, the Foundation will hire accounting staff specifically for the organization and they will work directly with their soon to be identified Controller.

Management has improved documentation of the year-end closing process and this information will be communicated to Foundation personnel. This documentation will be incorporated into the monthly financial statement reviews by Foundation Staff and University staff.

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(Continued)

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2022

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**FINDING 2021-002 – INTERNAL CONTROLS OVER CONTRIBUTIONS**

Criteria:	The Foundation should have internal controls over the contribution revenue process designed to ensure that contributions are recorded when earned.
Condition:	Internal controls over contributions were not established by the Foundation to ensure that complete and accurate financial statements were prepared.
Context:	The following control issues related to contributions were identified: <ul style="list-style-type: none"><li>• 60 of the 84 contributions were not recorded in the general ledger within 15 days of receipt.</li><li>• Reviews of contributions were not documented.</li><li>• Contribution documentation was not addressed to the Foundation.</li><li>• 2 of the 84 contributions were not recorded in the correct fiscal year.</li><li>• 9 contributions were posted to the Foundation that should have been recorded to the University.</li><li>• 3 contributions did not maintain the proper support for recording as restricted.</li><li>• 3 contributions were recorded as unrestricted but should have been recorded as restricted.</li></ul>
Effect:	Revenues could be recorded incorrectly without proper reviews, without being addressed to the Foundation and without being recorded timely in the general ledger.
Cause:	The Foundation did not establish internal controls over contributions.
Repeat Finding:	No
Recommendation:	We recommend the Foundation establish internal controls over contributions. We recommend that contributions be recorded within 15 days of receipt in the general ledger, monthly reconciliations on receipts be performed, all contributions be addressed to the Foundation, and that two independent individuals prepare and review the recording and support for contributions.
Response:	The Foundation concurs with the Finding. As noted above Central State Management is realigning the Foundation oversight within the University under the direction of Institutional Advancement (I/A). The current finance/accounting staff in conjunction with I/A will staff are knowledgeable and trained in the proper accounting, controls and categorization of contributions. Training and a disciplined process is a top priority. In addition, we are actively working on improvements to the ERP system, Banner, so that human errors are reduced.

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CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2022

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**FINDING 2021-003 – INTERNAL CONTROLS OVER NET ASSETS**

Criteria:	The Foundation should have internal controls over net assets designed to ensure that restricted and unrestricted net assets are tracked and monitored compliance with restrictions.
Condition:	Internal controls over net assets were not established by the Foundation to ensure that complete and accurate financial statements were prepared.
Context:	The following control issues related to net assets were identified: <ul style="list-style-type: none"><li>• Net assets were not tracked or reviewed during the fiscal year to determine which funds had available restricted balances when expenses were recorded.</li><li>• The general ledger does not track the funds for the Foundation separately from activity before the Foundation was established.</li><li>• Approvals for spending were based on cumulative receipts and expenses from funds inception, not based on activity within the Foundation accounts from establishment.</li></ul>
Effect:	Transactions recorded in net assets could be inaccurate without proper reviews, without using the proper time period of activity and without understanding the balance within the restricted funds.
Cause:	The Foundation did not establish internal controls over net assets.
Repeat Finding:	No
Recommendation:	We recommend the Foundation establish internal controls over net assets. We recommend separate funds be established to accurately track the restricted and unrestricted net asset balances.
Response:	The Foundation concurs with the findings. The first key corrective action is to train employees to access and determine the correct accounting entries at the source level. In addition, the Foundation has secured a new data warehouse system, Argos, to house data and run reports. The new system is more reliable and allows the end user to create and run reports. Employee training is paramount in our implementation.

CENTRAL STATE UNIVERSITY  
INNOVATION AND DEVELOPMENT FOUNDATION  
SCHEDULE OF PRIOR YEAR FINDINGS  
June 30, 2022

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**FINDING 2021-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Condition: Internal controls over financial reporting were not established by the Foundation to ensure that complete and accurate financial statements were prepared.

Effect: The financial statements required audit adjustments and reclassifications and additional footnote disclosures to be added.

Status: Finding repeated as 2022-001.