

**CLARK STATE COMMUNITY COLLEGE
FOUNDATION**

Financial Statements

June 30, 2003 and 2002

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Clark State Community College Foundation

We have reviewed the Independent Auditor's Report of the Clark State Community College Foundation, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2002 through June 30, 2003. 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 Clark State Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 16, 2003

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CLARK STATE COMMUNITY COLLEGE FOUNDATION

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Clark State Community College Foundation
Springfield, Ohio

We have audited the accompanying statements of financial position of Clark State Community College Foundation (a nonprofit organization) as of June 30, 2003 and 2002, and the related statements of activities and statements of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clark State Community College Foundation as of June 30, 2003 and 2002, and the results of its operations and its cash flow for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2003, on our consideration of Clark State Community College Foundations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Clark, Schaefer, Hackett & Co.
Springfield, Ohio
August 29, 2003

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position

June 30, 2003 and 2002

	<u>Assets</u>	
	<u>2003</u>	<u>2002</u>
Cash	\$ 139,014	101,548
Investments	5,041,750	4,216,928
Accounts receivable, Clark State Community College	209,412	70,386
Pledges receivable	8,468	6,031
Student loans receivable, net of allowance of \$41,100 in 2003 and \$38,580 in 2002	83,948	57,761
Prepaid expenses	<u>-</u>	<u>633</u>
 Total assets	 \$ <u>5,482,592</u>	 <u>4,453,287</u>
	<u>Liabilities and Net Assets</u>	
Accounts payable	\$ 8,330	-
Payable to Clark State Community College	<u>120,634</u>	<u>71,646</u>
 Total liabilities	 <u>128,964</u>	 <u>71,646</u>
 Net assets:		
Unrestricted	315,756	381,935
Temporarily restricted	480,613	456,586
Permanently restricted	<u>4,557,259</u>	<u>3,543,120</u>
 Total net assets	 <u>5,353,628</u>	 <u>4,381,641</u>
 Total liabilities and net assets	 \$ <u>5,482,592</u>	 <u>4,453,287</u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statement of Activities
Year Ended June 30, 2003

	2003			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenue and support:				
Campaign contributions	\$ 60,223	64,773	7,814	132,810
Foundation contributions	-	60,671	723,258	783,929
Interest	15,075	13,496	120,722	149,293
Net unrealized gain on investments	10,713	2,171	139,451	152,335
Miscellaneous	276	11,400	-	11,676
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>174,590</u>	<u>(174,590)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>260,877</u>	<u>(22,079)</u>	<u>991,245</u>	<u>1,230,043</u>
Expenses:				
Programs	256,399	-	-	256,399
Management and general	<u>1,657</u>	<u>-</u>	<u>-</u>	<u>1,657</u>
Total expenses	<u>258,056</u>	<u>-</u>	<u>-</u>	<u>258,056</u>
Increase (decrease) in net assets	2,821	(22,079)	991,245	971,987
Other changes in net assets:				
Transfer of earnings	-	46,106	(46,106)	-
Transfer of board designated endowment	(69,000)	-	69,000	-
Net assets, beginning of year	<u>381,935</u>	<u>456,586</u>	<u>3,543,120</u>	<u>4,381,641</u>
Net assets, end of year	\$ <u>315,756</u>	<u>480,613</u>	<u>4,557,259</u>	<u>5,353,628</u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statement of Activities
Year Ended June 30, 2002

	2002			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenue and support:				
Campaign contributions	\$ 111,387	62,035	30,368	203,790
Foundation contributions	-	49,037	1,524,998	1,574,035
Interest	12,531	22,801	67,973	103,305
Miscellaneous	850	41,418	-	42,268
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>144,255</u>	<u>(144,255)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>269,023</u>	<u>31,036</u>	<u>1,623,339</u>	<u>1,923,398</u>
Expenses:				
Programs	207,075	-	-	207,075
Management and general	1,325	-	-	1,325
Net unrealized loss on investments	<u>40,435</u>	<u>-</u>	<u>219,902</u>	<u>260,337</u>
Total expenses	<u>248,835</u>	<u>-</u>	<u>219,902</u>	<u>468,737</u>
Increase (decrease) in net assets	20,188	31,036	1,403,437	1,454,661
Other changes in net assets:				
Transfer of earnings	-	46,891	(46,891)	-
Transfer of board designated endowment	(60,003)	(77,509)	137,512	-
Net assets, beginning of year	<u>421,750</u>	<u>456,168</u>	<u>2,049,062</u>	<u>2,926,980</u>
Net assets, end of year	\$ <u>381,935</u>	<u>456,586</u>	<u>3,543,120</u>	<u>4,381,641</u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Increase in net assets	\$ 971,987	1,454,661
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net unrealized (gains) losses on investments	(152,335)	260,337
Effects of changes in operating assets and liabilities:		
(Increase) decrease in receivables	(167,650)	8,135
Decrease (increase) in prepaid expenses	633	(633)
Increase in accounts payable	8,330	-
Increase in payable to Clark State Community College	48,988	25,362
Net cash provided by operating activities	709,953	1,747,862
Cash flows from investing activities:		
Purchase of investments	(672,487)	(1,863,244)
Principal redeemed	-	193
Net cash used for investing activities	(672,487)	(1,863,051)
Net increase (decrease) in cash	37,466	(115,189)
Cash, beginning of year	101,548	216,737
Cash, end of year	\$ 139,014	101,548

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

1. Summary of Significant Accounting Policies:

The financial statements of Clark State Community College Foundation have been prepared on the accrual basis of accounting. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Clark State Community College Foundation (Foundation) is a not-for-profit Ohio corporation to aid and promote education at Clark State Community College and to assist students attending Clark State Community College. Administrative services are provided by Clark State Community College.

Financial statement presentation

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statement of Not-For-Profit Organizations.*" Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash

For purposes of the statements of cash flows, the Foundation considers all demand bank deposits as cash. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue

The Foundation reports contributions as restricted if they are received with donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments

Investments are stated at fair value and represent shares with The Common Fund, a not-for-profit organization. Realized and unrealized gains and losses are reported in the statement of activities. Market value is determined by market quotations. Donated investments are recorded at the fair value at the time received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Cash:

A summary of cash follows:

	<u>2003</u>	<u>2002</u>
Checking account, National City Bank	\$133,219	95,787
Savings account, National City Bank	<u>5,795</u>	<u>5,761</u>
	<u>\$139,014</u>	<u>101,548</u>

The bank balance for 2003 and 2002 was \$139,572 and \$103,170, respectively, which are insured by the FDIC up to \$100,000. The Foundation has also entered into an agreement whereby National City Bank will indemnify against loss up to the sum of \$500,000.

3. Investments:

The following summarizes investment values at June 30:

	<u>2003</u>		<u>2002</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Bond fund:				
Unrestricted	\$ 92,738	97,938	87,884	87,408
Endowment	<u>1,206,008</u>	<u>1,284,636</u>	<u>1,054,814</u>	<u>1,061,820</u>
	<u>1,298,746</u>	<u>1,382,574</u>	<u>1,142,698</u>	<u>1,149,228</u>
Equity fund:				
Unrestricted	140,285	174,332	138,789	172,940
Endowment	<u>1,825,930</u>	<u>1,966,911</u>	<u>1,600,076</u>	<u>1,709,468</u>
	<u>1,966,215</u>	<u>2,141,243</u>	<u>1,738,865</u>	<u>1,882,408</u>
High quality bond fund:				
Endowment	<u>1,108,120</u>	<u>1,153,276</u>	<u>806,905</u>	<u>808,508</u>
Certificates of Deposit	<u>364,657</u>	<u>364,657</u>	<u>367,724</u>	<u>367,724</u>
McDonald's corporate stock	-	-	<u>9,060</u>	<u>9,060</u>
Total	<u>\$ 4,737,738</u>	<u>5,041,750</u>	<u>4,065,252</u>	<u>4,216,928</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

Endowment fees are netted against interest income in the Statement of Activities. Total fees for 2003 and 2002 are \$12,051 and \$10,220, respectively.

4. Net Assets:

The following summarizes the purposes and restrictions of the funds:

Unrestricted:

Undesignated:

To provide for students' needs other than for scholarships. The funds are derived from interest from the Unrestricted Scholarship Fund and from donations.

	<u>2003</u>	<u>2002</u>
	\$ <u>3,017</u>	<u>2,829</u>

Board designated funds:

The following represents funds established by the Board of Trustees to be retained and invested until sufficient funds have accumulated, as determined by the Board, to fund Board designated projects:

Grosh Memorial Fund, income to accumulate, to be used in conjunction with Faculty Endowment Fund.	\$ 1,543	1,420
Richard O. Brinkman Memorial Fund, income to accumulate, to be used in conjunction with Faculty Endowment Fund.	12,323	11,342
Faculty/Staff Development Fund, to be used for faculty and staff development projects.	41,018	39,316
Scholarship Fund, to be used for general scholarships.	68,681	84,050
Special projects, with no designated purpose at this time.	5,664	6,428

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

Board designated funds (continued):

The Discretionary Fund, to be used to provide emergency student loans up to \$150.	2,073	1,987
College Endowment Fund, use is undecided at this time	<u>181,437</u>	<u>234,563</u>
Board designated net assets	<u>312,739</u>	<u>379,106</u>
Total unrestricted net assets	\$ <u>315,756</u>	<u>381,935</u>

Temporarily Restricted:

Scholarship fund

The scholarship fund was established to provide scholarships based on individual fund criteria to Clark State Community College students.

	<u>2003</u>	<u>2002</u>
Elliot Scholarship Fund	\$ 13,708	14,616
Hilda Seaman Fund	11,028	11,684
Florence Hilbert Fund	12,798	12,356
South High Alumni Fund	82	79
Mildred Penwell Fund	21	1,799
Ilean Moore Nursing Scholarship Fund	3,765	2,626
Kerber Fund	-	176
Dan Pond Fund	1,609	1,504
Arthur Wall Fund - Police	1,933	2,650
Zonta Fund	8,705	9,314
Lions Club Fund	95	92
Faculty Fund	4,646	5,038
Remerowski Fund	3,627	4,956
Connie Murphy Fund	3,364	3,248
Rotary Fund	6,193	4,644
Accounting Fund	22,864	19,634
Hickes Nursing Scholarship Fund	4,576	4,639
Union Club Fund	6,022	5,347
Frontiers Fund	3,879	2,584
RN Scholarship Fund	9,546	9,481
Building Industries Assoc. Fund	1,382	1,040
Mildred Hartman Miller Fund	15,267	13,402
Aetna Fund	95	92
National City Bank	2,067	1,015
Frazier Court Reporting Fund	2,741	2,426
Gala Fund	3,731	3,602

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

Scholarship fund (continued)

Circle of Friends Fund	57,460	76,977
Armed Forces Community Elec. Assoc. Fund	1,522	1,411
Wenrick Fund	1,585	1,267
Ann Field Fund	3,761	1,857
Theatre Fund	13,437	12,958
SAABSE Fund	295	285
Child Care Fund	7,098	5,537
Buroker Scholarship Fund	1,466	844
Performing Arts Center Brick Fund	714	858
Kuss Memorial Fund	17,705	29,004
Calland Fund	1,574	1,312
Gerald Furay Fund	756	786
Barbara Kuss Memorial Fund	9,701	6,732
Technology Fund	24,092	13,213
Brinkman Memorial Fund	60	58
Performing Arts Center Fund	26,319	15,824
R & M Scholarship	903	1,607
Barbara Davis	583	299
Society of Manufacturing Engineers	2,149	2,866
Independent Insurance	2,123	1,050
ECEC Playground	7,282	35,174
Engineering	-	119
Robe	9,054	5,742
CSCC - PAC	57,501	10,905
Vernay Scholarship Fund	189	-
Monte Zinn Scholarship Fund	49	-
Les Femmes Des Charities	6	-
Board of Realitors	502	-
Harry W and Margaret Moore Foundation	<u>273</u>	<u>-</u>
Subtotal	<u>391,903</u>	<u>364,729</u>

Dorothy Mumma Tuition Loan Fund

Loan fund established through the Springfield Foundation from a bequest in perpetuity, the income from which goes annually to Clark State Community College. The income is to be utilized by Clark State Community College Foundation for the purpose of book and tuition loans to students. Repayments of student loans shall become part of fund for future loan purposes. The fund does not charge interest; however, a nominal loan fee is charged.

	<u>88,710</u>	<u>91,857</u>
Total temporarily restricted net assets	\$ <u>480,613</u>	<u>456,586</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

Permanently Restricted:

The following represents endowed funds at June 30:	<u>2003</u>	<u>2002</u>
Mildred Hartman Miller Endowment Fund, income to be used for unspecified scholarships.	\$ 325,206	315,992
Dan Pond Memorial Endowment Fund, income to be used for scholar- ships to agriculture students.	14,574	14,160
Hilda Seaman Endowment Fund, income to be used to assist visually impaired students.	25,818	25,087
Arthur Wall, Jr. Memorial Endowment Fund, income to be used for scholarships to law enforcement students.	11,018	10,606
Ilean Moore Endowment Fund, income to be used for scholarships to nursing students.	64,548	62,720
Faculty Endowment Fund, income to be used for scholarships according to faculty approved criteria.	37,793	36,677
Frontier's Endowment Fund, income to be used for scholarships to minority students.	38,474	37,384
Elliot Endowment Fund, income to be used for unspecified scholarships.	175,396	169,427
Hickes Endowment Fund, income to be used for scholarships to nursing students.	13,043	12,673
Morris Endowment Fund, income to be used for scholarships to accounting students.	258,872	251,538
Performing Arts Center Endowment Fund, income to be used for operation of the Performing Arts Center.	426,591	279,798
Technology Endowment Fund, income to be used to support Clark State Community College technology.	485,280	332,816

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

Permanently Restricted (continued):

Child Care Endowment Fund, income to be used for student's children to attend Clark State Community College's Early Childhood Education Center.	49,729	48,321
Calland Endowment Fund, income is to be used to fund the Alice E. McKinley Scholarship for second year students.	28,108	27,312
Gerald Furay Endowment Fund, income is to be used for scholarships at the discretion of Foundation Board of Directors.	12,574	10,718
Turner Endowment Fund, use of income undetermined at this time.	1,346,436	981,456
Barbara Kuss Endowment Fund, income is to be used to support operations of the Performing Arts Center.	94,477	91,800
Barbara Davis, income to be used to fund the Barbara A. Davis Scholarship for health technologies.	9,095	8,837
Buroker, income to be used to assist GRADS Students in pursuing an education at Clark State Community College.	24,636	18,939
Peggy Wenrick Endowment Fund, income to be used for scholarships to graduates of Tecumseh High School.	9,524	9,254
Harry W and Margaret Moore Foundation, income is to be used for scholarships at the discretion of Foundation Board of Directors.	10,292	-
PACC-CSCC Transferred Endowment, income to be used for maintenance of Performing Arts Center.	<u>1,095,775</u>	<u>797,605</u>
Total permanently restricted net assets	\$ <u>4,557,259</u>	<u>3,543,120</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2003 and 2002

5. Other changes in net assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Transfer of earnings:				
Interest	\$ -	94,389	(94,389)	-
Circle of Friends allocation	-	(48,283)	48,283	-
Total	\$ -	46,106	(46,106)	-
Transfer of board designated endowment:				
Technology grant	\$ (69,000)	-	69,000	-

The transfer from the unrestricted to the permanently restricted is a result of a technology endowment that must be matched by the Foundation. The Foundation uses unrestricted monies to match the grant which is appropriately accounted for in the endowment funds. The transfer from the permanently restricted to the temporary restricted is for interest earned on endowment funds for which provisions are made that the earnings may be used for specific purposes. The transfer from the temporarily restricted to permanently restricted is to allocate monies raised by the Circle of Friends that must be used for the endowment funds.

6. Reclassifications:

Certain reclassifications have been made to the 2002 financial statement presentation to correspond to the current year's format. Total equity and net income are unchanged due to these reclassifications.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Report on Compliance and on Internal Control Over Financial
Reporting based on an Audit of Financial Statement Performed in
Accordance with *Government Auditing Standards*

To the Board of Directors of
Clark State Community College Foundation

We have audited the financial statements of Clark State Community College Foundation (a nonprofit organization) as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated August 29, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clark State Community College Foundation's financial statement are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clark State Community College Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Finance/Investment (audit) committee, management, others within the organization and Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.
Springfield, Ohio
August 29, 2003



**Auditor of State
Betty Montgomery**

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CLARK STATE COMMUNITY COLLEGE FOUNDATION

CLARK 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
DECEMBER 30, 2003**