

**The University of Akron
Foundation
Financial Statements
June 30, 2004 and 2003**

A/AkronUnv/2003/AkronFoundationFS-2004 Rvsd 10/20/04 for State filing bf



**Auditor of State
Betty Montgomery**

Board of Directors
University of Akron Foundation
Akron, Ohio

We have reviewed the Independent Auditor's Report of the University of Akron Foundation, Summit County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2003 through June 30, 2004. 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 University of Akron Foundation is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 1, 2005

This Page is Intentionally Left Blank.

The University of Akron Foundation

Index to Financial Statements June 30, 2004 and 2003

	Page
Report of Independent Auditors	1
Statements of Financial Position at June 30, 2004 and 2003	2
Statements of Activities for the years ended June 30, 2004 and 2003	3
Statements of Cash Flow	4
Notes to Financial Statements	5-12
Report of Independent Auditors on Internal control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14

This Page is Intentionally Left Blank.

Report of Independent Auditors

To the Board of Directors of
The University of Akron Foundation:

In our opinion, the accompanying statement of financial position presents fairly, in all material respects, the financial position of University of Akron Foundation (the "Foundation") at June 30, 2004 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 audit. The prior year summarized comparative information has been derived from the Foundation's 2003 financial statements, and in our report dated August 21, 2003, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2003, from which the summarized information derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2004 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

PricewaterhouseCoopers LLP

September 17, 2004

The University of Akron Foundation

Statements of Financial Position June 30, 2004 and 2003

ASSETS	2004	2003
Cash	\$ 36,980	\$ 34,165
Accounts and notes receivable	1,430,381	58,223
Pledges receivable, net of allowance and discount	2,244,705	3,950,064
Investments, at fair value	120,282,125	106,635,213
Beneficial interest in charitable lead trusts	652,009	710,349
Beneficial interest in real estate	1,700,000	1,700,000
Property, net of accumulated depreciation of \$160,426 and \$160,426	416,055	335,055
	<hr/>	<hr/>
Total assets	\$ 126,762,255	\$ 113,423,069
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ -	\$ 10,225
Contributions payable to the University	126,030	340,621
Refundable advances	109,157	94,926
Actuarial liability for annuity/unitrust agreements	10,318,336	10,803,710
Other liabilities	-	37,128
	<hr/>	<hr/>
Total liabilities	10,553,523	11,286,610
	<hr/>	<hr/>
Net assets:		
Unrestricted	5,908,824	2,757,374
Temporarily restricted	40,975,798	36,533,012
Permanently restricted	69,324,110	62,846,073
Total net assets	<hr/>	<hr/>
	116,208,732	102,136,459
	<hr/>	<hr/>
Total liabilities and net assets	\$ 126,762,255	\$ 113,423,069
	<hr/>	<hr/>

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

The University of Akron Foundation

Statements of Activities

For the Years Ended June 30, 2004 with summarized financial information
for the year ended June 30, 2003

	Unrestricted 2004	Temporarily Restricted 2004	Permanently Restricted 2004	2004	Total 2003
Revenues and other additions:					
Contributions	\$ 89,594	\$ 3,739,002	\$ 3,728,665	\$ 7,557,261	\$ 8,621,982
Net appreciation (depreciation) in the fair value of investments	2,141,571	9,499,646	762,636	12,403,853	(1,432,297)
Change in the fair value of split-interest agreements	1,881	(45,595)	1,888,667	1,844,953	(1,301,242)
Change in the fair value of beneficial interest in perpetual trusts	-	25,234	28,913	54,147	(59,921)
Dividend and interest income	1,540,304	299,333	(3,652)	1,835,985	1,997,972
Other income	-	135,290	-	135,290	89,793
Total revenues and other additions	<u>3,773,350</u>	<u>13,652,910</u>	<u>6,405,229</u>	<u>23,831,489</u>	<u>7,916,287</u>
Release of restrictions	<u>8,135,933</u>	<u>(7,886,105)</u>	<u>(249,828)</u>	<u>-</u>	<u>-</u>
Total revenues and other additions after release of restrictions	11,909,283	5,766,805	6,155,401	23,831,489	7,916,287
Expenses:					
Distributions to or for The University of Akron:					
Direct distributions to the University	9,009,710	-	-	9,009,710	9,967,279
Distributions on behalf of the University	246,072	-	-	246,072	393,490
Administration of the Foundation:					
Services performed by University personnel	346,123	-	-	346,123	571,123
Professional fees	73,535	-	-	73,535	71,129
Other administrative expenses	58,653	-	-	58,653	65,468
Depreciation	-	-	-	-	3,209
Office expense	17,264	-	-	17,264	11,914
Insurance and taxes	7,859	-	-	7,859	7,431
Total expenses	<u>9,759,216</u>	<u>-</u>	<u>-</u>	<u>9,759,216</u>	<u>11,091,043</u>
Change in donor designation	<u>1,001,383</u>	<u>(1,324,019)</u>	<u>322,636</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	3,151,450	4,442,786	6,478,037	14,072,273	(3,174,756)
Net assets, beginning of year	<u>2,757,374</u>	<u>36,533,012</u>	<u>62,846,073</u>	<u>102,136,459</u>	<u>105,311,215</u>
Net assets, end of year	<u>\$ 5,908,824</u>	<u>\$40,975,798</u>	<u>\$69,324,110</u>	<u>\$ 116,208,732</u>	<u>\$102,136,459</u>

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

The University of Akron Foundation

Statements of Cash Flow For the Years Ended June 30, 2004 and 2003

	2004	2003
Operating activities:		
Increase (decrease) in net assets	\$ 14,072,273	\$ (3,174,756)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	-	3,209
Net (appreciation) depreciation in the fair value of investments	(12,403,853)	1,432,297
Change in fair value of split interest agreements	(1,844,953)	1,301,242
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	(1,372,158)	76,668
Pledges receivable, net	1,705,359	(546,589)
Beneficial interest in charitable lead trusts	58,340	182,222
Accounts payable and other liabilities	(247,713)	216,142
Actuarial liability for annuity/unitrust agreements	(485,374)	478,800
Net cash used in operating activities	<u>(518,079)</u>	<u>(30,765)</u>
Investing activities:		
Change in investments	601,894	39,992
Purchases of property	<u>(81,000)</u>	<u>-</u>
Net cash provided by investing activities	<u>520,894</u>	<u>39,992</u>
Net increase in cash	<u>2,815</u>	<u>9,227</u>
Cash, beginning of year	<u>34,165</u>	<u>24,938</u>
Cash, end of year	<u>\$ 36,980</u>	<u>\$ 34,165</u>

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

The University of Akron Foundation

Notes to the Financial Statements

1. Organization

The University of Akron Foundation (the "Foundation") is a not-for-profit organization. The Foundation's mission is to provide financial assistance to The University of Akron (the "University") by encouraging and administering gifts and bequests.

The Foundation receives contributions from the following support groups of the University:

John R. Buchtel Society (the Society)

The Society includes seven gift clubs, ranging from the Loyalty Club for annual donors of up to \$99 to the 1870 Benefactors Club for lifetime contributions of \$1 million or more.

Partners in Excellence (the Group)

The Group constitutes an array of companies, foundations, and business organizations providing financial, technical, and material assistance to the University, including:

- Unrestricted support to the University
- Support for the Crusade for Scholars Program
- Support for the Center for Economic Education
- Support for the Intercollegiate Athletic Program
- Support for Restricted Purposes

2. Significant Accounting Policies

Basis of Accounting

The accounts of the Foundation are maintained in accordance with the principles of not-for-profit accounting. The statements have been prepared on an accrual basis.

Basis of Presentation

The Foundation reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. This category includes unrestricted assets and uncollected pledges.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. This category includes true endowment earnings, quasi-endowment principal and earnings, a property annuity and property assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use the income earned on related investments for general or specific purposes. This category includes annuity funds and true endowment principal.

The University of Akron Foundation

Notes to the Financial Statements

2. Significant Accounting Policies, Continued

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation in non-underwater accounts, or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as the release of restrictions in the accompanying statements of activities.

Underwater Endowments

An endowment is created when a donor stipulates that only the earnings from the investment of the gift can be spent. If the market value of an endowment drops below the historic gift value, the endowment is considered to be underwater. The net depreciation of an underwater endowment will reduce unrestricted net assets. Any future gains will be used to restore the cumulative deficiency within unrestricted net assets. Once unrestricted net assets have been fully restored, net appreciation will be recorded within either temporarily or permanently restricted net assets, as required by the donor's restriction.

Income Taxes

The Foundation is an Ohio nonprofit organization, tax-exempt under Section 501(c)(3) of the Internal Revenue Code and exempt from federal, state and local income tax on related income.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation's 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. The fair value of investments are based on quoted market prices. Donated investments including donated property, are recorded as contributions at fair value on the date received. Realized gains (losses) on investments are the difference between the proceeds received and the average cost of investments sold. Net appreciation in the fair value of investments (including realized gains (losses) and unrealized gains (losses)) and dividends and interest is included in revenues, gains and other income of unrestricted net assets, unless the net appreciation or investment income is restricted by the donor in a non-underwater account.

Property

Property is recorded at cost at date of acquisition or estimated fair value at date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method.

The University of Akron Foundation

Notes to the Financial Statements

2. Significant Accounting Policies, Continued

Pledges Receivable

The Foundation records pledges and unconditional promises to give as receivables and revenue in the year the pledge is made. Those 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 estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as revenue until the conditions are substantially met.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and other liabilities are reasonable estimates of fair value due to the short-term nature of these financial instruments. Investments, pledges receivable and annuity payment liability are reported at fair value.

Credit Risk Concentrations

Financial instruments which potentially expose the Foundation to concentrations of credit risk include cash and cash equivalents, investments in marketable securities and pledges receivable. As a matter of policy, the Foundation only maintains cash balances with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios. Concentration of credit risk for pledges receivable are generally limited due to the dispersion of these balances over a wide base of donors.

Expenses

The Foundation's expenses are classified into two categories: (1) distributions to or for The University of Akron and (2) administration of the Foundation. The expenses relating to the administration of the Foundation include both fund raising and management and general activities.

3. Net Asset Reclassification

The fair value of certain donor-restricted endowments was less than the historic value of such funds by \$1,894,639 and \$3,312,224 at June 30, 2004 and 2003, respectively. The cumulative donor-restricted unrealized losses at June 30, 2003, were previously recorded within temporarily restricted and permanently restricted net assets in the amounts of \$3,002,180 and \$310,044. For the fiscal year ended June 30, 2003, those unrealized losses have been reclassified from the prior year to unrestricted net assets.

The market conditions improved during fiscal year 2004 and a portion of the net appreciation of \$1,417,585 was recorded within unrestricted net assets to restore previous losses. Future gains will also be used to restore the cumulative deficiency within unrestricted net assets. Once unrestricted net assets have been fully restored, net appreciation will then be recorded within either temporarily or permanently restricted net assets, as required.

The University of Akron Foundation

Notes to the Financial Statements

4. Investments

Investments are stated at market value. Fluctuations in market value, as well as gains or losses on sales of securities, are recognized in the statements of activities. Investments as of June 30, 2004 and 2003, consisted of:

	2004	2003
Pooled investment funds managed for the Foundation:		
Oak Associates	\$ 15,234,960	\$ 13,114,009
Trusco	14,214,196	12,481,950
The Common Fund	360,392	421,717
Advantage Select	3,719,169	3,629,263
Westwood Management Corporation	14,139,546	12,566,370
Dreman Value Management	14,825,781	11,514,763
Sterling Capital	1,133,530	835,862
Systematic Financial	6,546,107	5,309,654
Wasatch Advisors	7,034,661	6,558,868
Lazard Freres	10,260,091	7,790,142
PIMCO	10,719,780	11,064,028
Metropolitan West	<u>10,683,888</u>	<u>11,274,720</u>
Total pooled investment funds	\$ 108,872,101	\$ 96,561,346
Mutual funds	1,785,255	1,658,417
U.S. Treasury obligations	650,650	154,260
Bonds	4,226,702	3,826,443
Commercial paper	3,375,000	3,149,000
Common stocks	895,599	771,025
Preferred stocks	0	30,432
Money market funds	250,007	257,479
Insurance policies, cash surrender value	<u>226,811</u>	<u>226,811</u>
Total market value	<u>\$ 120,282,125</u>	<u>\$ 106,635,213</u>
Total cost	<u>\$ 112,603,082</u>	<u>\$ 111,749,089</u>

The pooled investment funds are invested in diverse portfolios. Limitations have been placed on the trust fund managers to stay within specified parameters in managing the portfolios.

Approximately 77% and 75% of the pooled investment funds were invested in common and preferred stocks in a variety of industries and 23% and 25% were invested in fixed income securities at June 30, 2004 and 2003, respectively.

The Foundation appropriates a limited portion of the appreciation on investments held by the pooled endowments for distribution to the University and other funds within the Foundation. Actual distributions from endowments are based on a spending policy set by the Foundation's Board of Directors. Under this spending policy, appropriated income is calculated at 5% of the average market value of endowment investments for the prior three years.

The University of Akron Foundation

Notes to the Financial Statements

5. Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable. Pledges are recorded at their approximate present value. The future expected cash flows from pledges receivable have been discounted using a discount rate of 4.59% for pledges made during the year ended June 30, 2004 and 4.19% for pledges from prior years.

Pledges receivable at June 30, 2004 and 2003 are expected to be realized in the following periods.

	2004	2003
Less than one year	\$ 1,360,657	\$ 2,209,483
One to five years	1,128,791	2,341,893
More than five years	100,656	2,250
	<u>2,590,104</u>	<u>4,553,626</u>
Less amount estimated to be uncollectible	(249,412)	(438,896)
Less unamortized discount	(95,987)	(164,666)
	<u>\$ 2,244,705</u>	<u>\$ 3,950,064</u>
Total pledges receivable , net	\$ 2,244,705	\$ 3,950,064

As of June 30, 2004, the Foundation has approximately \$14,958,378 in numerous outstanding pledges which are considered to be intentions to give and are contingent upon future events. These pledges are not accrued as contributions receivable or recognized as revenue because they do not represent unconditional promises to give. It is not practicable to estimate the ultimate realizable value of these commitments or the period over which they might be collected.

6. Contributions Payable to the University

The Foundation may receive gifts on behalf of the University. The Foundation records a contribution payable to the University for such gifts. In 2004 and 2003, the Foundation recorded approximately \$1,493,215 and \$1,272,704, respectively, of contribution revenue for amounts received on behalf of the University.

The University of Akron Foundation

Notes to the Financial Statements

7. Split-Interest Agreements

The Foundation has entered into charitable gift annuity agreements which include provisions requiring the Foundation to pay periodic fixed payments to beneficiaries during their lifetimes. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, then the unrestricted assets of the Foundation will be utilized to fund future payments.

The Foundation has also entered into unitrust, annuity trust and pooled income agreements which include provisions for the Foundation to pay beneficiaries periodic payments until either the assets of the trust have been exhausted or until death of the beneficiaries. Upon death of the beneficiaries, any remaining property in the trust or pooled income fund will be transferred to the Foundation in accordance with the agreements.

The Foundation accounts for such agreements by recording the fair market value of assets donated as of the date of the gift and by recording the actuarial present value of the annuities payable using the applicable IRS tables (discount rates used at June 30, 2004 and 2003 were 4.6% and 3.8%, respectively) based on the term of the agreement, as a liability. The balance of the gift is recorded as either unrestricted, temporarily restricted, or permanently restricted contributions, as appropriate.

The Foundation's payments to beneficiaries under the split-interest agreements reduce the annuity liability. Adjustments to the annuity liability are made to report amortization of the discount and record changes in the life expectancy of the beneficiary. These adjustments, as well as the return on the underlying investment assets (fair value of \$19,768,547 and \$18,791,936 at June 30, 2004 and 2003, respectively), are recognized in the statement of activities as changes in the value of split-interest agreements.

8. Beneficial Interest in Lead Trusts

The Foundation has irrevocable rights to receive a portion of the specified cash flows from certain charitable lead trusts. The recorded beneficial interest in the lead trusts is based on the present value of the future cash flows to the Foundation using a discount rate of 4.89%. Due to the time restriction of the Foundation's access to the assets held in these trusts, the Foundation's interests in the lead trusts are recorded as temporarily and permanently restricted net assets as applicable. Adjustments to the carrying value of the trusts and income distributions received are recognized as increases or decreases in temporarily and permanently restricted net assets.

9. Beneficial Interest in Real Estate

The Foundation has the irrevocable right to receive ownership of certain real estate. The donor has retained the right to the use of the real estate for the donor's lifetime. The fair value of the real estate (based upon an independent appraisal) is reported as a beneficial interest in real estate and as temporarily restricted net assets. Also, based on the agreement, the Foundation is required to pay periodic fixed payments to the donor during his lifetime. The Foundation recorded the present value of this annuity payable using the applicable IRS tables (discount rates used at June 30, 2004 and 2003 were 4.6% and 3.8% respectively), based on the term of the agreement, as a liability.

The University of Akron Foundation

Notes to the Financial Statements

10. University Services

The University allocated certain overhead expenses to the Foundation totalling \$346,123 and \$571,123 in fiscal 2004 and 2003, respectively. These amounts are recorded as “Services performed by University personnel” in the statements of activities.

11. Revocable Trust

In February 1987, the Foundation was named beneficiary of a revocable trust which has investments totalling \$109,157 and \$94,926 at June 30, 2004 and 2003, respectively (on a fair value basis). The fair value of the trust’s assets have been included in the statements of position as investment and refundable advances. All income of the trust is paid to the Foundation and recognized when received.

The University of Akron Foundation

Notes to the Financial Statements

12. Net Assets

Unrestricted net assets at June 30, 2004 are as follows:

	2004
Current operations	\$ 812,388
Board designated	6,991,075
Underwater endowment adjustment	(1,894,639)
Annuity funds	<u>-</u>
	<u>\$ 5,908,824</u>

Temporarily restricted net assets, principally related to scholarships, specific schools within the University, department chairs, and various other purposes related to support of the University at June 30, 2004 are as follows:

	2004
Accumulated appreciation on endowment investments in accordance with the spending policy	\$ 28,047,287
Specific purpose funds	10,461,546
Split-interest agreements	383,404
Pledges receivable	<u>2,083,561</u>
	<u>\$ 40,975,798</u>

Permanently restricted net assets, principally related to scholarships, specific schools within the University, department chairs, and various other purposes related to support of the University at June 30, 2004 are as follows:

	2004
Endowment funds	\$ 60,096,158
Split-interest agreements	9,066,808
Pledges receivable	<u>161,144</u>
	<u>\$ 69,324,110</u>

During fiscal 2004, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of scholarships and development of the University in the amount of \$8,135,933.

**Report of Independent Auditors 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 of
The University of Akron Foundation

We have audited the financial statements of the University of Akron Foundation (the "Foundation"), a component unit of The University of Akron, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 17, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements 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.

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 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*.

This report is intended solely for the information and use of the Foundation's Board of Directors, management, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A black rectangular redaction box covering a signature.

September 17, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

UNIVERSITY OF AKRON FOUNDATION

SUMMIT 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
FEBRUARY 15, 2005**