

CLARK STATE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total <u>2007</u>
Revenues and other support				
Campaign contributions	\$ 59,517	\$ 265,659	\$ 31,473	\$ 356,649
Foundation contributions	7,171	56,125	1,816,787	1,880,083
Interest	19,077	355,032	--	374,109
Net realized and unrealized gains (losses) on investments	54,846	853,906	--	908,752
Miscellaneous	95,851	44,220	--	140,071
Net assets released from restrictions	<u>344,482</u>	<u>(344,482)</u>	<u>--</u>	<u>--</u>
 Total revenues and other support	 580,944	 1,230,460	 1,848,260	 3,659,664
Expenses				
Programs	390,277	--	--	390,277
Management and general	<u>99,406</u>	<u>--</u>	<u>--</u>	<u>99,406</u>
 Total expenses	 <u>489,683</u>	 <u>--</u>	 <u>--</u>	 <u>489,683</u>
 Change in net assets	 91,261	 1,230,460	 1,848,260	 3,169,981
Net assets at beginning of year	<u>710,814</u>	<u>6,261,200</u>	<u>5,250,351</u>	<u>12,222,365</u>
 Net assets at end of year	 <u>\$ 802,075</u>	 <u>\$ 7,491,660</u>	 <u>\$ 7,098,611</u>	 <u>\$ 15,392,346</u>

See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ (1,291,555)	\$ 3,169,981
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized (gains) losses on investments	582,245	(908,752)
Contributions restricted for long-term purposes	(92,329)	(1,848,260)
Effects of changes in operating assets and liabilities		
Receivables	463,296	68,751
Prepaid expenses	(1,304)	--
Wages payable	230	1,731
Accounts payable	<u>(1,872)</u>	<u>(72)</u>
Net cash from operating activities	(341,289)	483,379
 Cash flows from investing activities		
Sales of investments	2,080,409	273
Purchases of investments	<u>(1,818,160)</u>	<u>(2,272,517)</u>
Net cash from investing activities	<u>262,249</u>	<u>(2,272,244)</u>
 Cash flows from financing activities		
Contributions restricted for long-term purposes	<u>92,329</u>	<u>1,848,260</u>
Net cash from financing activities	<u>92,329</u>	<u>1,848,260</u>
 Change in cash and cash equivalents	13,289	59,395
Cash and cash equivalents at beginning of year	<u>87,469</u>	<u>28,074</u>
 Cash and cash equivalents at end of year	<u>\$ 100,758</u>	<u>\$ 87,469</u>

See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

NOTE 1 - NATURE OF BUSINESS AND 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 and is considered to be a component unit of Clark State Community College. The Foundation's purpose is to assist students attending Clark State Community College. Administrative services are provided by Clark State Community College.

Basis of Presentation: The Foundation's financial statements are prepared in accordance with the 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 statement 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.

Investments: Investments are carried at fair value in accordance with Statement of Financial Accounting Standards (SFAS) No. 124, "*Accounting for Certain Investments Held by Not-For-Profit Organizations.*" Investments include shares with The Common Fund, a not-for-profit organization, and Federated Government Obligation, Tax Managed Select Treasuries (Fund #637). Realized and unrealized gains and losses are reported in the statement of activities. Fair value is determined by market quotations. Donated investments are recorded at the fair market value at the time received.

Net Assets: Unrestricted Net Assets represent funds, which can be used by the Foundation for any purpose authorized by the Board of Directors.

Temporarily Restricted Net Assets represent funds, which are restricted for a specific purpose determined by the donor. A donor-imposed restriction permits the Foundation to expend the donated assets as specified and is satisfied either by the passage of time or by actions of the Foundation. The Foundation maintains separate balances in its accounting records to account for the amounts available for such restricted purposes.

Permanently Restricted Net Assets represent contributions in which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the earnings of the fund be expended as the donor has specified.

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CLARK STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

In-Kind Income: The facilities occupied by the Foundation are provided by Clark State Community College. In addition, the College assists the Foundation in fund raising, gift processing and accounting. The value of the office space and services provided constitutes additional in-kind income to the Foundation that is immaterial to the financial statements and is not recorded.

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 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.

Recently Issued: Pronouncements: In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement on Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS No. 157). This standard clarifies the definition of fair value for reporting, establishes a framework for measuring fair value and greatly expands disclosures about the use of fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Additional disclosures will be required regarding the inputs used to develop the measurements of fair value and the effect of certain of the measurements reported in the statement of activities for a fiscal period.

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CLARK STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In August 2008, FASB issued Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP 117-1). This FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Additional disclosures about endowments for both donor-restricted funds and board-designated funds for all organizations, including those that are not yet subject to an enacted version of UPMIFA, are required to enable users to understand its endowment funds' net asset classification, net asset composition, changes in net asset composition, spending policy(ies), and related investment policy(ies). FSP 117-1 is effective for all fiscal years ending after December 15, 2008.

The provisions of FAS 157 and FSP 117-1 become effective for the year ended June 30, 2009. The overall financial statement impact of adoption of these pronouncements has not been determined by the University.

NOTE 2 - CASH

A summary of cash follows:

	<u>2008</u>	<u>2007</u>
Imprest cash fund, Dean's Loan and Circle of Friends	\$ 1,400	\$ --
Checking account, National City Bank	--	81,574
Savings account, National City Bank	--	5,895
STAR Ohio	<u>99,358</u>	<u>--</u>
	<u>\$ 100,758</u>	<u>\$ 87,469</u>

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

NOTE 3 - INVESTMENTS

The following summarizes investment values at June 30:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Bond fund				
Unrestricted	\$ 119,930	\$ 131,989	\$ 114,705	\$ 124,556
Endowment	<u>1,777,049</u>	<u>1,947,958</u>	<u>1,695,959</u>	<u>1,838,261</u>
	1,896,979	2,079,947	1,810,664	1,962,817
Equity fund				
Unrestricted	149,015	292,636	145,510	315,462
Endowment	<u>2,769,530</u>	<u>4,330,965</u>	<u>2,721,641</u>	<u>4,668,786</u>
	2,918,545	4,623,601	2,867,151	4,984,248
High quality bond fund				
Endowment	1,675,863	1,654,523	1,594,460	1,554,036
Money Market accounts				
Money market taxable	577,172	577,454	1,068,798	1,068,798
Mutual fund-fixed	517,178	504,439	597,317	589,373
Preferred stock	83,981	53,305	83,981	77,245
Mutual fund				
closed-end equity	80,954	60,960	80,954	78,200
Mutual fund-equity	<u>1,002,100</u>	<u>882,900</u>	<u>919,800</u>	<u>975,010</u>
	2,261,385	2,079,058	2,750,850	2,788,626
Certificates of deposit	<u>225,072</u>	<u>225,072</u>	<u>216,969</u>	<u>216,969</u>
	<u>\$ 8,977,844</u>	<u>\$ 10,662,201</u>	<u>\$ 9,240,094</u>	<u>\$ 11,506,696</u>

Investment fees are netted against interest income in the Statement of Activities. Total fees for 2008 and 2007 are \$38,321 and \$33,043, respectively. The Foundation has entered into agreements whereby banks will indemnify against loss up to \$3,000,000.

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Subsequent to June 30, 2008, significant activity has occurred in financial markets. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

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CLARK STATE COMMUNITY COLLEGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008 and 2007

NOTE 4 - PLEDGES RECEIVABLE

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at 5.04 - 5.19% to the present value of future cash flows.

Unconditional promises are expected to be realized in the following periods:

	<u>2008</u>	<u>2007</u>
One year or less	\$ 450,241	\$ 580,861
Between one and five years	1,549,707	1,838,825
Longer than five years	<u>2,000,000</u>	<u>2,125,000</u>
	3,999,948	4,544,686
Discounts and allowance	<u>(945,013)</u>	<u>(1,021,875)</u>
Net pledges	<u>\$ 3,054,935</u>	<u>\$ 3,522,811</u>

NOTE 5 - NET ASSETS

Net assets at June 30 consists of the following:

	<u>2008</u>	<u>2007</u>
<u>Unrestricted</u>		
Board designated for scholarships, student loans and special projects	\$ 748,741	\$ 789,693
Unrestricted	<u>19,860</u>	<u>12,382</u>
Total	<u>\$ 768,601</u>	<u>\$ 802,075</u>
<u>Temporarily restricted</u>		
Major gifts - facilities	\$ 3,215,918	\$ 4,325,654
Scholarships and other	2,765,198	3,027,014
Dorothy Mumma Tuition Loan Fund	<u>160,134</u>	<u>138,992</u>
Total	<u>\$ 6,141,250</u>	<u>\$ 7,491,660</u>
<u>Permanently restricted</u>		
Scholarships	\$ 2,207,722	\$ 2,180,094
Performing Arts Center	2,108,687	2,046,486
Technology	502,694	502,694
Champion City Scholarships	<u>2,371,837</u>	<u>2,369,337</u>
Total	<u>\$ 7,190,940</u>	<u>\$ 7,098,611</u>

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CLARK STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 and 2007

NOTE 6 - DISTRIBUTIONS TO CLARK STATE COMMUNITY COLLEGE

During the years ended June 30, 2008 and 2007, the Foundation distributed \$1,417,528 and \$91,657, respectively, to the College for both restricted and unrestricted purposes.

SUPPLEMENTARY INFORMATION

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*

Board of Directors
Clark State Community College Foundation
Springfield, Ohio

We have audited the financial statements of Clark State Community College Foundation (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon October 14, 2008. 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 Clark State Community College Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 Clark State Community College Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clark State Community College Foundation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clark State Community College 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*.

We noted certain matters that we reported to management of Clark State Community College in a separate letter October 14, 2008.

This report is intended solely for the information and use of management, audit committee, others within the entity, federal awarding agencies and State of Ohio Office of the Auditor and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Horwath LLP

Columbus, Ohio
October 14, 2008



Mary Taylor, CPA
Auditor of State

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 11, 2008**