CLARK STATE COMMUNITY COLLEGE FOUNDATION

Springfield, Ohio

FINANCIAL STATEMENTS

June 30, 2008 and 2007



Mary Taylor, CPA Auditor of State

Board of Directors Clark State Community College Foundation 570 East Leffel Lane Springfield, Ohio 45501

We have reviewed the *Report of Independent Auditors* of the Clark State Community College Foundation, Clark County, prepared by Crowe Horwath LLP, for the audit period July 1, 2007 through June 30, 2008. 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.

Mary Taylor, CPA Auditor of State

Mary Taylor

December 1, 2008



CLARK STATE COMMUNITY COLLEGE FOUNDATION Springfield, Ohio

FINANCIAL STATEMENTS June 30, 2008 and 2007

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Crowe Horwath LLPMember Horwath International

REPORT OF INDEPENDENT AUDITORS

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 (Foundation) as of June 30, 2008 and 2007 and the related statements of activities and 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 of America and 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. 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, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2008, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, 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 results of our audit.

Crowe Horwath LLP

Crome Horwath LLP

Columbus, Ohio October 14, 2008

CLARK STATE COMMUNITY COLLEGE FOUNDATION STATEMENTS OF FINANCIAL POSITION June 30, 2008 and 2007

ACCETO	<u>2008</u>	<u>2007</u>
ASSETS Cash Investments Accounts receivable, Clark State Community College Pledges receivable Student loans receivable, net allowance of \$80,266 in 2008 and \$54,902 in 2007 Prepaid expenses	\$ 100,758 10,662,201 43,249 3,054,935 240,305 1,304	\$ 87,469 11,506,695 181,502 3,522,811 97,472
LIABILITIES AND NET ASSETS Liabilities Wages payable Accounts payable	\$ 14,102,752 \$ 1,961 	\$ 15,395,949 \$ 1,731
Net assets Unrestricted Temporarily restricted Permanently restricted	768,601 6,141,250 7,190,940 14,100,791 \$ 14,102,752	802,075 7,491,660 7,098,611 15,392,346 \$ 15,395,949

CLARK STATE COMMUNITY COLLEGE FOUNDATION STATEMENTS OF ACTIVITIES

Year ended June 30, 2008 with comparative 2007 totals

	Unrestricted	Temporarily <u>Restricted</u>	Permanently Restricted	y Total 2008	Total 2007
Revenues and other support					
	\$ 64,563	\$ 116,834	\$ 15,593	\$ 196,990	\$ 356,649
Foundation contributions	2,490	237,836	49,189	289,515	1,880,083
Interest	24,612	367,514		392,126	374,109
Net realized and unrealized					
gains (losses) on investment	ts (24,124)	(558,121)		(582,245)	908,752
Miscellaneous	167,543	16,552	27,547	211,642	140,071
Net assets released from					
restrictions	1,531,025	(1,531,025)			
Total revenues and other support	1,766,109	(1,350,410)	92,329	508,028	3,659,664
Expenses					
Programs	1,689,160			1,689,160	390,277
Management and general	110,423			110,423	99,406
Total expenses	1,799,583			1,799,583	489,683
Change in net assets	(33,474)	(1,350,410)	92,329	(1,291,555)	3,169,981
Net assets at beginning of year	802,075	7,491,660	7,098,611	15,392,346	12,222,365
Net assets at end of year	\$ 768,601	<u>\$6,141,250</u>	<u>\$7,190,940</u>	<u>\$ 14,100,791</u>	<u>\$15,392,346</u>

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

	<u>Ur</u>	nrestricted		emporarily Restricted		rmanently <u>estricted</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		344,482		(344,482)			
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		99 <u>,406</u>					 99,406
Total expenses		489,683				<u></u>	 489,683
Change in net assets		91,261		1,230,460	1	,848,260	3,169,981
Net assets at beginning of year		710,814	(6,261,200	5	,250,351	 12,222,365
Net assets at end of year	\$	802,075	\$ 7	7,491,660	<u>\$ 7</u>	,098,611	\$ <u>15,392,346</u>

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	Φ (4 2 04 555)	A. 2.1 (0.001
Change in net assets	\$ (1,291,555)	\$ 3,169,981
Adjustments to reconcile change in net assets		
to net cash from operating activities		(0.00 ===)
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	(1,872)	(72)
Net cash from operating activities	(341,289)	483,379
Cash flows from investing activities		
Sales of investments	2,080,409	273
Purchases of investments	(1,818,160)	(2,272,517)
Net cash from investing activities	262,249	(2,272,244)
Cash flows from financing activities		
Contributions restricted for long-term purposes	92,329	1,848,260
Net cash from financing activities	92,329	1,848,260
Change in cash and cash equivalents	13,289	59,395
Cash and cash equivalents at beginning of year	87,469	28,074
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Cash and cash equivalents at end of year	<u>\$ 100,758</u>	<u>\$ 87,469</u>
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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.

<u>Organization</u>: 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.

<u>Basis of Presentation</u>: 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.

<u>Cash</u>: 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.

<u>Investments</u>: 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.

<u>Net Assets</u>: 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.

(Continued)

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

<u>Revenue</u>: 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.

<u>In-Kind Income</u>: 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.

<u>Estimates</u>: 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.

<u>Income Taxes</u>: 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.

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		99,358		
	<u>\$</u>	100,758	<u>\$</u>	87,469

NOTE 3 - INVESTMENTS

The following summarizes investment values at June 30:

	20	08	200)7
		Fair		Fair
	Cost	<u>Value</u>	Cost	<u>Value</u>
Bond fund				
Unrestricted	\$ 119,930	\$ 131,989	\$ 114,705	\$ 124,556
Endowment	1,777,049	1,947,958	<u>1,695,959</u>	1,838,261
	1,896,979	2,079,947	1,810,664	1,962,817
Equity fund				
Unrestricted	149,015	292,636	145,510	315,462
Endowment	2,769,530	4,330,965	2,721,641	4,668,786
	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	1,002,100	882,900	919,800	975,010
	2,261,385	2,079,058	2,750,850	2,788,626
Certificates of deposit	225,072	225,072	216,969	216,969
	<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.

(Continued)

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 Between one and five years Longer than five years Discounts and allowance	\$ 450,241 1,549,707 2,000,000 3,999,948 (945,013)	\$ 580,861 1,838,825 2,125,000 4,544,686 (1,021,875)
Net pledges	<u>\$ 3,054,935</u>	\$ 3,522,811
NOTE 5 - NET ASSETS		
Net assets at June 30 consists of the following: <u>Unrestricted</u>	<u>2008</u>	<u>2007</u>
Board designated for scholarships, student loans and special projects Unrestricted	\$ 748,741 19,860	\$ 789,693 12,382
Total	<u>\$ 768,601</u>	<u>\$ 802,075</u>
Temporarily restricted Major gifts - facilities Scholarships and other Dorothy Mumma Tuition Loan Fund Total	\$ 3,215,918 2,765,198 160,134 \$ 6,141,250	\$ 4,325,654 3,027,014 138,992 \$ 7,491,660
Permanently restricted Scholarships Performing Arts Center Technology Champion City Scholarships	\$ 2,207,722 2,108,687 502,694 2,371,837	\$ 2,180,094 2,046,486 502,694
Total	<u>\$ 7,190,940</u>	\$ 7,098,611

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.





Crowe Horwath LLPMember Horwath International

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

Crome 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED DECEMBER 11, 2008