

**CLARK STATE COMMUNITY COLLEGE FOUNDATION**  
Springfield, Ohio

**FINANCIAL STATEMENTS**  
June 30, 2006 and 2005





**Auditor of State  
Betty Montgomery**

Board of Directors  
Clark State Community College Foundation  
570 East Leffel Lane  
Springfield, Ohio 45502-4795

We have reviewed the *Report of Independent Auditors* of the Clark State Community College Foundation, Clark County, prepared by Crowe Chizek and Company LLC, for the audit period July 1, 2005 through June 30, 2006. 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 6, 2006

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CLARK STATE COMMUNITY COLLEGE FOUNDATION  
Springfield, Ohio

FINANCIAL STATEMENTS  
June 30, 2006 and 2005

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**Crowe Chizek and Company LLC**  
Member 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, 2006 and the related statements of activities and cash flows for the year 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 audit. The financial statements of the Foundation as of June 30, 2005, were audited by other auditors whose report dated September 23, 2005, expressed an unqualified opinion on these statements prior to the restatement discussed in Note 6.

We conducted our audit 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 audit provides 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, 2006 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 6 that were applied to restate the 2005 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2006, 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 Chizek and Company LLC*

Crowe Chizek and Company LLC

Columbus, Ohio  
October 2, 2006

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2006 and 2005

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	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash	\$ 28,074	\$ 172,386
Investments	8,325,699	6,598,679
Accounts receivable, Clark State Community College	14,226	18,439
Pledges receivable	3,780,386	3,599,220
Student loans receivable, net allowance of \$57,001 in 2006 and \$38,216 in 2005	75,924	46,344
Prepaid expenses	<u>—</u>	<u>199</u>
	<u>\$ 12,224,309</u>	<u>\$ 10,435,267</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	<u>\$ 1,944</u>	<u>\$ 17,580</u>
	<u>1,944</u>	<u>17,580</u>
 Net assets		
Unrestricted	710,814	796,828
Temporarily restricted	6,261,200	5,012,786
Permanently restricted	<u>5,250,351</u>	<u>4,608,073</u>
	<u>12,222,365</u>	<u>10,417,687</u>
	<u>\$ 12,224,309</u>	<u>\$ 10,435,267</u>

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CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF ACTIVITIES  
 Year ended June 30, 2006 with comparative 2005 totals

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total <u>2006</u>	Total <u>2005</u>
<b>Revenues and other support</b>					
Campaign contributions	\$ 156,957	\$ 816,158	\$ 557,273	\$ 1,530,388	\$ 3,831,719
Foundation contributions	2,149	114,602	85,005	201,756	163,140
Interest	22,159	186,470	--	208,629	179,546
Net realized gain(loss) on investments	35,377	173,872	--	209,249	355,330
Miscellaneous	--	44,168	--	44,168	37,814
Net assets released from restrictions	<u>86,856</u>	<u>(86,856)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total revenues and other support</b>	<b>303,498</b>	<b>1,248,414</b>	<b>642,278</b>	<b>2,194,190</b>	<b>4,567,549</b>
<b>Expenses</b>					
Programs	356,740	--	--	356,740	390,818
Management and general	<u>32,772</u>	<u>--</u>	<u>--</u>	<u>32,772</u>	<u>27,175</u>
<b>Total expenses</b>	<b><u>389,512</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>389,512</u></b>	<b><u>417,993</u></b>
Change in net assets	(86,014)	1,248,414	642,278	1,804,678	4,149,556
Net assets at beginning of year	<u>796,828</u>	<u>5,012,786</u>	<u>4,608,073</u>	<u>10,417,687</u>	<u>6,268,131</u>
<b>Net assets at end of year</b>	<b><u>\$ 710,814</u></b>	<b><u>\$6,261,200</u></b>	<b><u>\$5,250,351</u></b>	<b><u>\$ 12,222,365</u></b>	<b><u>\$10,417,687</u></b>

(Continued)



CLARK STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2005</u>
<b>Revenues and other support</b>				
Campaign contributions	\$ 434,045	\$ 3,378,653	\$ 19,021	\$ 3,831,719
Foundation contributions	--	58,548	104,592	163,140
Interest	19,937	159,609	--	179,546
Net unrealized gain on investments	39,751	315,579	--	355,330
Miscellaneous	4,272	20,626	12,916	37,814
Net assets released from restrictions	<u>237,824</u>	<u>(237,824)</u>	<u>--</u>	<u>--</u>
 Total revenues and other support	 735,829	 3,695,191	 136,529	 4,567,549
<b>Expenses</b>				
Programs	390,818	--	--	390,818
Management and general	<u>27,175</u>	<u>--</u>	<u>--</u>	<u>27,175</u>
 Total expenses	 <u>417,993</u>	 <u>--</u>	 <u>--</u>	 <u>417,993</u>
 Change in net assets	 317,836	 3,695,191	 136,529	 4,149,556
 Net assets at beginning of year - as originally reported	 478,992	 521,182	 5,267,957	 6,268,131
 Reclassification adjustment	 <u>--</u>	 <u>796,413</u>	 <u>(796,413)</u>	 <u>--</u>
 Net assets at beginning of year - as restated	 <u>478,992</u>	 <u>1,317,595</u>	 <u>4,471,544</u>	 <u>6,268,131</u>
 Net assets at end of year	 <u>\$ 796,828</u>	 <u>\$ 5,012,786</u>	 <u>\$ 4,608,073</u>	 <u>\$ 10,417,687</u>

See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF CASH FLOWS  
 Years ended June 30, 2006 and 2005

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	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,804,678	\$ 4,149,556
Adjustments to reconcile change in net assets to net cash from operating activities		
Net unrealized (gains) losses on investments	(209,249)	(355,330)
Contributions restricted for long-term purposes	(642,278)	(123,613)
Effects of changes in operating assets and liabilities		
Receivables	(206,533)	(3,561,845)
Prepaid expenses	199	(199)
Accounts payable	(15,636)	16,722
Payable to Clark State Community College	<u>—</u>	<u>(11,835)</u>
Net cash from operating activities	731,181	113,456
<b>Cash flows from investing activities</b>		
Purchase of investments	<u>(1,517,771)</u>	<u>(148,573)</u>
Net cash from investing activities	(1,517,771)	(148,573)
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term purposes	<u>642,278</u>	<u>123,613</u>
Net cash from financing activities	<u>642,278</u>	<u>123,613</u>
Change in cash and cash equivalents	(144,312)	88,496
Cash and cash equivalents at beginning of year	<u>172,386</u>	<u>83,890</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 28,074</u>	<u>\$ 172,386</u>

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See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 and 2005

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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.

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 stated at fair market value and include shares with The Common Fund, a not-for-profit organization, and Federated Government Obligation, Tax Managed Select Treasuries (Fund #637). 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 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.

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.

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(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 and 2005

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

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 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.

**NOTE 2 - CASH**

A summary of cash follows:

	<u>2006</u>	<u>2005</u>
Checking account, National City Bank	\$ 22,217	\$ 166,556
Savings account, National City Bank	<u>5,857</u>	<u>5,830</u>
	<u>\$ 28,074</u>	<u>\$ 172,386</u>

The bank balance for 2006 and 2005 was \$156,499 and \$176,023 respectively, which are insured by the FDIC up to \$100,000. The Foundation has also entered into an agreement whereby a bank will indemnify against loss up to the sum of \$500,000.

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CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 and 2005

**NOTE 3 - INVESTMENTS**

The following summarizes investment values at June 30:

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Bond fund				
Unrestricted	\$ 109,083	\$ 116,608	\$ 92,005	\$ 102,427
Endowment	<u>1,581,555</u>	<u>1,690,323</u>	<u>1,146,875</u>	<u>1,294,887</u>
	1,690,638	1,806,931	1,238,880	1,397,314
Equity fund				
Unrestricted	142,364	259,797	153,111	245,645
Endowment	<u>2,600,484</u>	<u>3,778,904</u>	<u>2,239,037</u>	<u>3,105,428</u>
	2,742,848	4,038,701	2,392,148	3,351,073
High quality bond fund				
Endowment	<u>1,512,460</u>	<u>1,458,164</u>	<u>1,442,610</u>	<u>1,473,853</u>
Money market account	<u>633,445</u>	<u>633,445</u>	—	—
Certificates of deposit	<u>388,458</u>	<u>388,458</u>	<u>376,439</u>	<u>376,439</u>
	<u>\$ 6,967,849</u>	<u>\$ 8,325,699</u>	<u>\$ 5,450,077</u>	<u>\$ 6,598,679</u>

Investment fees are netted against interest income in the Statement of Activities. Total fees for 2006 and 2005 are \$19,976 and \$24,199, respectively. The Foundation has entered into agreements whereby banks will indemnify against loss up to \$3,000,000.

**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>2006</u>	<u>2005</u>
One year or less	\$ 527,025	\$ 746,520
Between one and five years	2,118,119	1,663,599
Longer than five years	<u>2,250,000</u>	<u>2,755,023</u>
	4,895,144	5,165,142
Discounts and allowance	<u>(1,114,758)</u>	<u>(1,565,922)</u>
Net pledges	<u>\$ 3,780,386</u>	<u>\$ 3,599,220</u>

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 and 2005

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**NOTE 5 - NET ASSETS**

Net assets at June 30 consists of the following:

	<u>2006</u>	<u>2005</u>
<u>Unrestricted</u>		
Board designated for scholarships, student loans and special projects	\$ 709,508	\$ 793,874
Unrestricted	<u>1,306</u>	<u>2,954</u>
Total	<u>\$ 710,814</u>	<u>\$ 796,828</u>
<u>Temporarily restricted</u>		
Scholarships	\$ 6,148,500	\$ 4,928,964
Dorothy Mumma Tuition Loan Fund	<u>112,700</u>	<u>83,822</u>
Total	<u>\$ 6,261,200</u>	<u>\$ 5,012,786</u>
<u>Permanently restricted</u>		
Scholarships	\$ 1,775,551	\$ 1,827,887
Performing Arts Center	2,191,921	2,125,707
Technology	628,445	593,947
Early Childhood Education Center	64,239	60,532
Champion City Scholarships	<u>590,195</u>	<u>—</u>
Total	<u>\$ 5,250,351</u>	<u>\$ 4,608,073</u>

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CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2006 and 2005

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**NOTE 6 - RECLASSIFICATION ADJUSTMENT**

During fiscal 2006, the Foundation became aware that it should be classifying gains and losses on its endowed gifts as temporarily restricted until spent rather than permanently restricted. Therefore the Foundation has restated its 2005 financial statements to reflect this reclassification adjustment as follows:

	<u>As originally reported</u>	<u>Adjustment</u>	<u>As restated</u>
<u>At June 30, 2004</u>			
Temporarily restricted net assets	\$ 521,182	\$ 796,413	\$ 1,317,595
Permanently restricted net assets	5,267,957	(796,413)	4,471,544
<u>For the year ended June 30, 2005</u>			
Temporarily restricted interest on investments	136,837	22,772	159,609
Permanently restricted interest on investments	22,772	(22,772)	-
Temporarily restricted net unrealized gain on investments	4,036	311,543	315,579
Permanently restricted net unrealized gain on investments	311,543	(311,543)	-

This reclassification adjustment had no effect on originally reported total net assets and the originally reported change in total net assets.

**SUPPLEMENTARY INFORMATION**





Crowe Chizek and Company LLC  
Member 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, 2006, and have issued our report thereon dated October 2, 2006. 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 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 misstatement 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 material weaknesses.

## 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*.

This report is intended for the information of the audit committee, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Chizek and Company LLC*

Crowe Chizek and Company LLC

Columbus, Ohio  
October 2, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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800-282-0370

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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 19, 2006**