

**CLARK STATE COMMUNITY COLLEGE
FOUNDATION**

Financial Statements

June 30, 2004 and 2003

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Clark State Community College Foundation

We have reviewed the Independent Auditor's Report of the Clark State Community College Foundation, Clark County, prepared by Clark, Schaefer, Hackett & Co. for the audit period July 1, 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 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

January 20, 2005

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CLARK STATE COMMUNITY COLLEGE FOUNDATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position.....	2
Statements of Activities	3 – 4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6 – 14
Report 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>	15

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

Independent Auditors' Report

Board of Directors
Clark State Community College Foundation
Springfield, Ohio

We have audited the accompanying statements of financial position of Clark State Community College Foundation, a component unit of Clark State Community College, (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities and statements of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clark State Community College Foundation as of June 30, 2004 and 2003, and the results of its operations and its cash flow for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2004 on our consideration of Clark State Community College Foundation's internal control over financial reporting and 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 on assessing the results of our audit.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 10, 2004

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position

June 30, 2004 and 2003

	<u>Assets</u>	
	<u>2004</u>	<u>2003</u>
Cash	\$ 83,890	139,014
Investments	6,094,776	5,041,750
Accounts receivable, Clark State Community College	54,345	209,412
Pledges receivable	5,840	8,468
Student loans receivable, net of allowance of \$41,215 in 2004 and \$41,100 in 2003	<u>41,973</u>	<u>83,948</u>
Total assets	\$ <u>6,280,824</u>	<u>5,482,592</u>
	<u>Liabilities and Net Assets</u>	
Accounts payable	\$ 858	8,330
Payable to Clark State Community College	<u>11,835</u>	<u>120,634</u>
Total liabilities	<u>12,693</u>	<u>128,964</u>
Net assets:		
Unrestricted	478,992	315,756
Temporarily restricted	521,182	480,613
Permanently restricted	<u>5,267,957</u>	<u>4,557,259</u>
Total net assets	<u>6,268,131</u>	<u>5,353,628</u>
Total liabilities and net assets	\$ <u>6,280,824</u>	<u>5,482,592</u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statement of Activities

For the Year Ended June 30, 2004

	2004			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and support:				
Campaign contributions	\$ 52,614	43,508	7,877	103,999
Foundation contributions	-	64,466	300,990	365,456
Interest	6,770	139,228	24,343	170,341
Net unrealized gain (loss) on investments	83,680	(3,894)	409,472	489,258
Miscellaneous	1,930	14,883	52,550	69,363
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>165,656</u>	<u>(165,656)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>310,650</u>	<u>92,535</u>	<u>795,232</u>	<u>1,198,417</u>
Expenses:				
Programs	264,855	-	-	264,855
Management and general	<u>19,059</u>	<u>-</u>	<u>-</u>	<u>19,059</u>
Total expenses	<u>283,914</u>	<u>-</u>	<u>-</u>	<u>283,914</u>
Change in net assets	26,736	92,535	795,232	914,503
Other changes in net assets:				
Transfer of earnings	136,500	(51,966)	(84,534)	-
Transfer of board designated endowment	-	-	-	-
Net assets, beginning of year	<u>315,756</u>	<u>480,613</u>	<u>4,557,259</u>	<u>5,353,628</u>
Net assets, end of year	\$ <u><u>478,992</u></u>	<u><u>521,182</u></u>	<u><u>5,267,957</u></u>	<u><u>6,268,131</u></u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statement of Activities

For the Year Ended June 30, 2003

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

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Cash Flows

For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Change in net assets	\$ 914,503	971,987
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net unrealized gain on investments	(489,258)	(152,335)
Effects of changes in operating assets and liabilities:		
Decrease (increase) in receivables	199,670	(167,650)
Decrease in prepaid expenses	-	633
(Decrease) increase in accounts payable	(7,472)	8,330
(Decrease) increase in payable to Clark State Community College	<u>(108,799)</u>	<u>48,988</u>
Net cash provided by operating activities	<u>508,644</u>	<u>709,953</u>
Cash flows from investing activities:		
Purchase of investments	<u>(563,768)</u>	<u>(672,487)</u>
Net (decrease) increase in cash	(55,124)	37,466
Cash, beginning of year	<u>139,014</u>	<u>101,548</u>
Cash, end of year	\$ <u><u>83,890</u></u>	<u><u>139,014</u></u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

1. Summary of Significant Accounting Policies:

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

Organization

The Clark State Community College Foundation (Foundation) is a not-for-profit Ohio corporation and is considered to be a component unit of Clark State Community College, aids and promotes education at Clark State Community College and to assist students attending Clark State Community College. Administrative services are provided by Clark State Community College.

Financial statement presentation

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

Cash

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

Revenue

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

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.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

Investments

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

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

2. Cash:

A summary of cash follows:

	<u>2004</u>	<u>2003</u>
Checking account, National City Bank	\$ 78,080	133,219
Savings account, National City Bank	<u>5,810</u>	<u>5,795</u>
	\$ <u>83,890</u>	<u>139,014</u>

The bank balance for 2004 and 2003 was \$231,063 and \$139,572, respectively, which are insured by the FDIC up to \$100,000. The Foundation has also entered into an agreement whereby National City Bank will indemnify against loss up to the sum of \$500,000.

3. Investments:

The following summarizes investment values at June 30:

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Bond fund:				
Unrestricted	\$ 84,557	90,446	92,738	97,938
Endowment	<u>1,055,634</u>	<u>1,144,366</u>	<u>1,206,008</u>	<u>1,284,636</u>
	<u>1,140,191</u>	<u>1,234,812</u>	<u>1,298,746</u>	<u>1,382,574</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity fund:				
Unrestricted	154,270	227,741	140,285	174,332
Endowment	<u>2,250,749</u>	<u>2,878,160</u>	<u>1,825,930</u>	<u>1,966,911</u>
	<u>2,405,019</u>	<u>3,105,901</u>	<u>1,966,215</u>	<u>2,141,243</u>
High quality bond fund:				
Endowment	<u>1,380,688</u>	<u>1,378,454</u>	<u>1,108,120</u>	<u>1,153,276</u>
Certificates of Deposit	<u>375,609</u>	<u>375,609</u>	<u>364,657</u>	<u>364,657</u>
Total	<u>\$ 5,301,507</u>	<u>6,094,776</u>	<u>4,737,738</u>	<u>5,041,750</u>

Endowment fees are netted against interest income in the Statement of Activities. Total fees for 2004 and 2003 are \$17,763 and \$12,051, respectively. Certificates of deposit are held at two financial institutions in Clark and Champaign County. The balances in these accounts exceeded the amount insured by the FDIC by \$175,609 and \$164,657 in 2004 and 2003, respectively.

4. Net Assets:

The following summarizes the purposes and restrictions of the funds:

Unrestricted net assets:

Undesignated:

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

	<u>2004</u>	<u>2003</u>
\$	<u>2,954</u>	<u>3,017</u>

Board designated:

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

	<u>2004</u>	<u>2003</u>
Grosh Memorial Fund, income to accumulate, to be used in conjunction with Faculty Endowment Fund.	\$ 2,207	1,543
Richard O. Brinkman Memorial Fund, income to accumulate, to be used in conjunction with Faculty Endowment Fund.	17,629	12,323

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

Board designated (continued):

	<u>2004</u>	<u>2003</u>
Faculty/Staff Development Fund, to be used for faculty and staff development projects.	\$ 55,089	41,018
Scholarship Fund, to be used for general scholarships.	51,027	68,681
Special projects, with no designated purpose at this time.	5,945	5,664
Champion City, to be used to provide scholarships to 50 seventh grade students each year within the Springfield City School District.	165	-
Major gifts, to be used for initial expenses of major gifts campaign.	5,955	-
The Discretionary Fund, to be used to provide emergency student loans up to \$150.	2,909	2,073
College Endowment Fund, use is undecided at this time	<u>335,112</u>	<u>181,437</u>
Board designated net assets	<u>476,038</u>	<u>312,739</u>
Total unrestricted net assets	\$ <u>478,992</u>	<u>315,756</u>

Temporarily restricted net assets:

Scholarship fund:

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

	<u>2004</u>	<u>2003</u>
Accounting Fund	\$ 24,145	22,864
Aetna Fund	97	95
Ann Field Fund	3,843	3,761
Armed Forces Community Elec. Assoc. Fund	1,583	1,522
Arthur Wall Fund - Police	1,546	1,933
Barbara Davis	449	583
Barbara Kuss Memorial Fund	12,442	9,701
Board of Realitors	10	502
Brinkman Memorial Fund	61	60

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

Temporarily restricted net assets (continued):

Building Industries Assoc. Fund	1,506	1,382
Buroker Scholarship Fund	2,243	1,466
Calland Fund	1,867	1,574
Child Care Fund	8,512	7,098
Circle of Friends Fund	52,884	57,460
Community Computing	1,008	-
Connie Murphy Fund	3,434	3,364
CSCC - PAC	111,722	57,501
Dan Pond Fund	1,420	1,609
ECEC Playground	-	7,282
Elliot Scholarship Fund	11,855	13,708
Faculty Fund	4,791	4,646
Florence Hilbert Fund	13,509	12,798
Frazier Court Reporting Fund	2,391	2,741
Frontiers Fund	3,284	3,879
Gala Fund	2,832	3,731
Gerald Furay Fund	708	756
Harry W and Margaret Moore Foundation	133	273
Hickes Nursing Scholarship Fund	4,843	4,576
Hilda Seaman Fund	11,615	11,028
Ilean Moore Nursing Scholarship Fund	4,594	3,765
Independent Insurance	1,671	2,123
Kuss Memorial Fund	22,392	17,705
Les Femmes Des Charities	6	6
Linda Sanders Memorial Fund	2,288	-
Lions Club Fund	97	95
Mildred Hartman Miller Fund	13,357	15,267
Mildred Penwell Fund	36	21
Monte Zinn Scholarship Fund	(1)	49
National City Bank	1,191	2,067
Pavlatos	1,000	-
Performing Arts Center Brick Fund	686	714
Performing Arts Center Fund	39,453	26,319
R & M Scholarship	383	903
Remerowski Fund	2,431	3,627
RN Scholarship Fund	9,715	9,546
Robe	-	9,054
Rotary Fund	4,775	6,193
SAABSE Fund	301	295

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

Temporarily restricted net assets (continued):

Society of Manufacturing Engineers	633	2,149
South High Alumni Fund	84	82
Technology Fund	37,313	24,092
Theatre Fund	12,698	13,437
Union Club Fund	4,792	6,022
Vernay Scholarship Fund	193	189
Wenrick Fund	1,271	1,585
Zonta Fund	<u>7,197</u>	<u>8,705</u>
 Subtotal	 <u>453,289</u>	 <u>391,903</u>

Dorothy Mumma Tuition Loan Fund:

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

	<u>67,893</u>	<u>88,710</u>
Total temporarily restricted net assets	\$ <u>521,182</u>	<u>480,613</u>

Permanently restricted net assets:

The following represents endowed funds at June 30:

	<u>2004</u>	<u>2003</u>
Mildred Hartman Miller Endowment Fund, income to be used for unspecified scholarships.	\$ 360,792	325,206
Dan Pond Memorial Endowment Fund, income to be used for scholarships to agriculture students.	16,144	14,574
Hilda Seaman Endowment Fund, income to be used to assist visually impaired students.	28,602	25,818
Arthur Wall, Jr. Memorial Endowment Fund, income to be used for scholarships to law enforcement students.	12,216	11,018
Ilean Moore Endowment Fund, income to be used for scholarships to nursing students.	71,504	64,548

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

Permanently restricted net assets (continued):

Faculty Endowment Fund, income to be used for scholarships according to faculty approved criteria.	41,936	37,793
Frontier's Endowment Fund, income to be used for scholarships to minority students.	42,699	38,474
Elliot Endowment Fund, income to be used for unspecified scholarships.	257,887	175,396
Hickes Endowment Fund, income to be used for scholarships to nursing students.	14,464	13,043
Morris Endowment Fund, income to be used for scholarships to accounting students.	295,920	258,872
Performing Arts Center Endowment Fund, income to be used for operation of the Performing Arts Center.	576,516	426,591
Technology Endowment Fund, income to be used to support Clark State Community College technology.	555,162	485,280
Child Care Endowment Fund, income to be used for student's children to attend Clark State Community College's Early Childhood Education Center.	56,688	49,729
Calland Endowment Fund, income is to be used to fund the Alice E. McKinley Scholarship for second year students.	32,527	28,108
Gerald Furay Endowment Fund, income is to be used for scholarships at the discretion of Foundation Board of Directors.	16,118	12,574
Turner Endowment Fund, use of income undetermined at this time.	1,374,225	1,346,436
Barbara Kuss Endowment Fund, income is to be used to support operations of the Performing Arts Center.	108,407	94,477
Barbara Davis, income to be used to fund the Barbara A. Davis Scholarship for health technologies.	10,487	9,095
Buroker, income to be used to assist GRADS Students in pursuing an education at Clark State Community College.	36,155	24,636
Peggy Wenrick Endowment Fund, income to be used for scholarships to graduates of Tecumseh High School.	10,915	9,524

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

Permanently restricted net assets (continued):

Harry W. and Margaret Moore Foundation, income is to be used for scholarships at the discretion of Foundation Board of Directors.	11,684	10,292
PACC-CSCC Transferred Endowment, income to be used for maintenance of Performing Arts Center.	1,266,732	1,095,775
Pavlatos Endowment, income to be used for scholarships to students majoring in registered nursing.	56,958	-
Robe Endowment, income to be used fund the Paul and Nancy Robe Scholarship for students majoring in Agriculture/horticulture.	<u>13,219</u>	<u>-</u>
Total permanently restricted net assets	\$ <u>5,267,957</u>	<u>4,557,259</u>

5. Other changes in net assets:

	2004			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Transfer of earnings:				
Reallocation of funds	\$ 136,500	500	(137,000)	-
Circle of Friends allocation	-	(43,412)	43,412	-
Initial endowment	<u>-</u>	<u>(9,054)</u>	<u>9,054</u>	<u>-</u>
Total	<u>\$ 136,500</u>	<u>(51,966)</u>	<u>(84,534)</u>	<u>-</u>

Reallocation of funds are transfers during the current year to allocate funds based on the wishes of the donor. The donations were recorded in prior years based on the Foundation's understanding of the donor's wishes at that time. Circle of Friends allocation is monies raised by the Circle of Friends that must be used for endowment funds based on the campaign's allocation policy. Initial endowment is transfer of temporarily restricted contributions received in prior years and transferred to permanently restricted once the Foundation's \$10,000 endowment threshold is reached. Transfer represents the funds fair market value at year-end.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2004 and 2003

	2003			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Transfer of earnings:				
Reallocation of funds	\$ -	94,389	(94,389)	-
Circle of Friends allocation	-	(48,283)	48,283	-
Total	<u>\$ -</u>	<u>46,106</u>	<u>(46,106)</u>	<u>-</u>
Transfer of board designated endowment:				
	<u>\$ (69,000)</u>	<u>-</u>	<u>69,000</u>	<u>-</u>

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

6. Capital Campaign:

During the year the Foundation began soliciting contributions for a major gifts campaign. The Foundation received an indication of an intention to give from various donors before year-end. Accordingly, the gift has not been recognized as an asset or contribution revenue as of June 30, 2004.



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

Report 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
Clark State Community College Foundation

We have audited the financial statements of Clark State Community College Foundation (a nonprofit organization) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 10, 2004. We conducted our audits 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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 10, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
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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
FEBRUARY 10, 2005**