

**CLARK STATE COLLEGE FOUNDATION  
CLARK COUNTY, OHIO**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

**PLATTENBURG**  
Certified Public Accountants





88 East Broad Street  
Columbus, Ohio 43215  
[IPAReport@ohioauditor.gov](mailto:IPAReport@ohioauditor.gov)  
(800) 282-0370

Board of Directors  
Clark State College Foundation  
570 E. Leffel Lane  
Springfield, Ohio 45505

We have reviewed the *Independent Auditor's Report* of the Clark State College Foundation, Clark County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. 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 College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 08, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Clark State College Foundation  
Springfield, Ohio

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Clark State College Foundation (the Foundation) (a nonprofit Foundation), a component unit of Clark State College, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Other Matters*

The financial statements of the Foundation as of and for the year ended June 30, 2021, were audited by predecessor auditors whose report dated October 13, 2021, expressed an unmodified opinion on those statements.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
October 14, 2022

Clark State College Foundation  
Statements of Financial Position  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 277,592	180,897
Investments	26,130,255	27,115,736
Pledges receivable	30,431	201,874
Student loans receivable, net of allowance for doubtful loans of \$8,506 in 2022 and \$93,609 in 2021	57,099	18,529
Other receivables	34	14
Prepaid expenses	<u>10,871</u>	<u>13,126</u>
	<b>\$ 26,506,282</b>	<b>27,530,176</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,540	-
Accounts payable, Clark State College	52,267	3,507
Deferred revenue	360	-
Wages payable	<u>7,788</u>	<u>5,590</u>
	<b><u>61,956</u></b>	<b><u>9,097</u></b>
<b>Net assets</b>		
Without donor restrictions	831,524	833,031
With donor restrictions	<u>25,612,802</u>	<u>26,688,048</u>
	<b><u>26,444,326</u></b>	<b><u>27,521,079</u></b>
	<b>\$ 26,506,282</b>	<b>27,530,176</b>

See accompanying notes to the financial statements.

Clark State College Foundation  
 Statements of Activities and Changes in Net Assets  
 Year Ended June 30, 2022 with Comparative 2021 Totals

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
Revenues and other support				
Campaign contributions	\$ 16,204	466,301	482,505	306,494
Foundation contributions	-	3,131	-	100
Investment return, net	20,112	(991,259)	(971,147)	5,203,667
Miscellaneous	-	108,264	108,264	11,462
Net assets released from restrictions	<u>661,683</u>	<u>(661,683)</u>	<u>-</u>	<u>-</u>
 Total revenues and other support	 <u>697,999</u>	 <u>(1,075,246)</u>	 <u>(377,247)</u>	 <u>5,521,723</u>
Expenses				
Programs	578,835	-	578,835	613,703
Management and general	106,227	-	106,227	83,387
Fundraising	<u>14,444</u>	<u>-</u>	<u>14,444</u>	<u>978</u>
 Total expenses	 <u>699,506</u>	 <u>-</u>	 <u>699,506</u>	 <u>698,068</u>
Change in net assets	(1,507)	(1,075,246)	(1,076,753)	4,823,655
Net assets at beginning of year	<u>833,031</u>	<u>26,688,048</u>	<u>27,521,079</u>	<u>22,697,424</u>
Net assets at end of year	<u>\$ 831,524</u>	<u>25,612,802</u>	<u>26,444,326</u>	<u>27,521,079</u>

Clark State College Foundation  
 Statement of Activities and Changes in Net Assets  
 Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>
Revenues and other support			
Campaign contributions	\$ 32,601	273,893	306,494
Foundation contributions	100	-	100
Investment return, net	171,121	5,032,546	5,203,667
Miscellaneous	11,462	-	11,462
Net assets released from restrictions	<u>707,990</u>	<u>(707,990)</u>	<u>-</u>
Total revenues and other support	<u>923,274</u>	<u>4,598,449</u>	<u>5,521,723</u>
Expenses			
Programs	613,703	-	613,703
Management and general	83,387	-	83,387
Fundraising	<u>978</u>	<u>-</u>	<u>978</u>
Total expenses	<u>698,068</u>	<u>-</u>	<u>698,068</u>
Change in net assets	225,206	4,598,449	4,823,655
Net assets at beginning of year	<u>607,825</u>	<u>22,089,599</u>	<u>22,697,424</u>
Net assets at end of year	<u>\$ 833,031</u>	<u>26,688,048</u>	<u>27,521,079</u>

See accompanying notes to the financial statements.

Clark State College Foundation  
 Statements of Functional Expenses  
 Years Ended June 30, 2022 and 2021

June 30, 2022	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 85,512	41,353	7,262	134,127
Pension plan	12,285	5,615	1,106	19,006
Employee benefits	10,065	5,497	-	15,562
Payroll taxes	1,183	586	201	1,970
Professional Fees	1,000	10,875	-	11,875
Advertising	-	6,212	-	6,212
Office expense	10,325	3,837	1,571	15,733
Information technology	860	16,014	-	16,874
Travel	4,171	790	3,893	8,854
Conferences	-	5,493	-	5,493
College scholarships	140,632	-	-	140,632
College special projects	251,288	-	-	251,288
Miscellaneous	9,022	9,955	411	19,388
Rental and repairs	26,487	-	-	26,487
Bad debt	-	-	-	-
Concession supplies	26,005	-	-	26,005
	<b>\$ 578,835</b>	<b>106,227</b>	<b>14,444</b>	<b>699,506</b>

June 30, 2021	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 68,125	38,015	322	106,462
Pension plan	9,686	4,923	637	15,246
Employee benefits	9,198	2,631	-	11,829
Payroll taxes	939	539	19	1,497
Professional Fees	50,340	6,324	-	56,664
Advertising	-	2,817	-	2,817
Office expense	10,482	4,781	-	15,263
Information technology	861	17,865	-	18,726
Travel	81	-	-	81
Conferences	290	467	-	757
College scholarships	185,722	-	-	185,722
College special projects	211,514	-	-	211,514
Miscellaneous	3,947	5,025	-	8,972
Rental and repairs	-	-	-	-
Bad debt	56,669	-	-	56,669
Concession supplies	5,849	-	-	5,849
	<b>\$ 613,703</b>	<b>83,387</b>	<b>978</b>	<b>698,068</b>

See accompanying notes to the financial statements

Clark State College Foundation  
 Statements of Cash Flows  
 Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,076,753)	4,823,655
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gains on investments	(12,335,694)	(4,670,518)
Contributions restricted for long-term purposes	(161,472)	(59,880)
Effects of changes in operating assets and liabilities		
Receivables	132,853	495,513
Prepaid expenses	2,255	(2,706)
Accounts payable	50,300	(9,753)
Deferred revenue	360	-
Wages payable	<u>2,198</u>	<u>1,164</u>
Net cash from operating activities	<u>(13,385,953)</u>	<u>577,475</u>
<b>Cash flows from investing activities:</b>		
Sales of investments	12,949,002	6,119
Purchases of investments	<u>372,174</u>	<u>(539,034)</u>
Net cash from investing activities	<u>13,321,176</u>	<u>(532,915)</u>
<b>Cash flows from financing activities:</b>		
Contributions restricted for long-term purposes	<u>161,472</u>	<u>59,880</u>
Change in cash and cash equivalents	96,695	104,440
Cash and cash equivalents at beginning of year	<u>180,897</u>	<u>76,457</u>
Cash and cash equivalents at end of year	<u>\$ 277,592</u>	<u>180,897</u>

See accompanying notes to the financial statements.

## **1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of Clark State 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 College Foundation (“Foundation”) is a not-for-profit Ohio corporation and is considered to be a component unit of Clark State College (“College”). The Foundation’s purpose is to assist students attending the College. Administrative services are provided by the College.

### **Basis of presentation**

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which requires the Foundation to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

*Net assets without donor restrictions* represent funds available for grants and expenses which are not otherwise limited by donor restrictions. These assets, which include board-designated funds, may be used at the discretion of the Foundation’s management and the Board of Directors.

*Net assets with donor restrictions* consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Some donor restrictions are perpetual in nature whereby principal is to be maintained intact in perpetuity and that only income from investment thereof can be expended either for the general purpose of the Foundation, or purposes specified by the donor. The Foundation maintains separate balances in its accounting records to account for the amounts available for donor-restricted purposes.

### **Cash and cash equivalents**

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. This includes amounts on deposit with STAR Ohio which were \$275,043 and \$179,396 at June 30, 2022 and 2021, respectively. STAR Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for as of the statement of financial position date.

### **Investments**

Investments are carried at fair value in accordance with GAAP, as described in Note 3. Investments include shares with Commonfund, a not-for-profit organization, and Federated Government Obligation, Tax Managed Select Treasuries. Realized and unrealized gains and losses are reported in the statements of activities and changes in net assets.

### **Income taxes**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income. The Foundation’s reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the financial statements as the Foundation has determined it does not have unrelated business income subject to taxation.

### **Functional expense allocation**

For purposes of reporting expenses, identifiable expenses are directly recorded to program, management and general, and fundraising. Expenses related to more than one function are allocated to these categories based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific program service but provide for the overall support and direction of the Foundation.

### **Pledges, accounts and loans receivable and revenues**

Revenues are reported as an increase in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Contributions are recognized as revenue in the period the unconditional promise or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Certain funding from non-government agencies is accounted for as donor restricted until either the required use, passage of time or receipt of funds occurs. Accordingly, such contributions are then released from restriction and recorded as net assets without donor restrictions. Contributions that were received as net assets with donor restrictions in a certain fiscal year whose restriction is fulfilled in the same fiscal year are directly reported as revenue without donor restrictions.

Student loan receivables consist of amounts disbursed to students for the purpose of book and tuition loans funded through the Dorothy Mumma Tuition Loan Fund established by The Springfield Foundation.

Potentially uncollectible loans and pledges receivable are provided for on the allowance method based on management's evaluation of outstanding loans receivable at year end. This estimation takes into consideration historical trends, past history with specific consumers as well as current economic conditions. After establishing the allowance, pledges and loans receivable are typically written off when reasonable and cost-effective collection efforts are exhausted. Actual results could vary from the estimates.

### **Estimates**

The preparation of financial statements in conformity with GAAP requires 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **In-kind contributions**

The facilities occupied by the Foundation are provided by the College. In addition, the College assists the Foundation in fundraising, gift processing and accounting. The value of the office space and services provided constitutes in-kind contributions to the Foundation that are immaterial to the financial statements and are not recognized as revenue and expense on the statements of activities and changes in net assets.

### **Subsequent events**

The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 14, 2022, the date which the financial statements were available to be issued.

## **2. 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 1.00% and 0.06% to the present value of future cash flows, for the years ended June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
One year or less	\$ 17,342	201,819
Between one and five years	<u>14,050</u>	<u>16,550</u>
	31,392	218,369
Discounts and allowances	<u>(961)</u>	<u>(16,495)</u>
 Net pledges	 <u>\$ 30,431</u>	 <u>201,874</u>

## **3. INVESTMENTS**

The following summarizes investment composition at June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Cost Basis</u>
Bond funds	-	-	5,750,693	5,269,400
Equity funds	-	-	14,719,187	2,774,099
High quality bond funds	-	-	2,230,030	1,914,638
Money market accounts	10,545,561	10,545,561	178,541	178,541
Mutual fund - fixed	4,764,847	4,990,412	1,132,407	1,115,267
Mutual fund - sector	1,460,449	1,573,251	226,987	164,671
Corporate bonds	96,917	104,156	158,151	154,941
Common stock	-	-	306,271	177,029
ADR/foreign – bonds	-	-	-	-
Mutual fund – equity	<u>9,262,481</u>	<u>9,530,183</u>	<u>2,413,469</u>	<u>1,545,794</u>
 Total investments	 <u>26,130,255</u>	<u>26,743,563</u>	<u>27,115,736</u>	<u>13,294,380</u>

### **3. INVESTMENTS (CONTINUED):**

#### **Assets and Liabilities Measured on a Recurring Basis**

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of equity and fixed income mutual funds, and preferred stock that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Funds of funds investments have observable inputs and market activity that allow for pricing based on the underlying market prices of the items in the fund-adjusted information developed by management for historical and current performance of the underlying funds, liquidity and credit premiums required by a market participant and financial trend analysis with respect to the overall fund compared to benchmark performance ratios (Level 2 inputs). In 2021 the Foundation owned three funds that are pooled funds that fall in this category. Near the end of fiscal year 2022, the Foundation moved all investments to one investment firm and not all funds were fully reinvested into these types of investments. The funds invest in equity and fixed income securities whose investment objectives are to:

- 1) Invest in a group of diversified equity funds to outperform the S&P 500 index over a full market cycle;
- 2) Offer a program devoted to investing in high-quality, investment-grade fixed income securities to outperform the Barclays Aggregated Bond Index over a full market cycle, and;
- 3) Offer an actively managed, multi-manger investment program that will provide, in a single fund, broad exposure to global debt markets to add value above the return of the U.S. bond market over a full market cycle, as measured by the Barclays Capital U.S. Aggregate Bond Index, and to reduce volatility as compared to investing in the indices.

The fair values of investments in these categories have been estimated using the net asset value per share of the investments. Redemption policies of these funds range from weekly to monthly and there were no unfunded commitments at June 30, 2022.

**3. INVESTMENTS (CONTINUED):**

Assets and liabilities measured at fair value on a recurring basis are summarized below:  
**Fair Value Measurements at June 30, 2022**

	<u>Balance as of June 30, 2022</u>	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foundation investments:				
Corporate and ADR bonds	<u>96,917</u>		<u>96,917</u>	
Mutual funds:				
Equity	9,262,481	9,262,481		
Fixed income	4,764,847	4,764,847		
Sector	<u>1,460,449</u>	<u>1,460,449</u>		
Total mutual funds	<u>15,487,777</u>			
Money market accounts	<u>10,545,561</u>			
Total investments	<u>\$ 26,130,255</u>			

**Fair Value Measurements at June 30, 2021**

	<u>Balance as of June 30, 2022</u>	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Foundation investments:				
Privately held funds:				
Equities				
U.S. equity	\$ 10,589,006	-	10,589,006	-
International equity	822,567	-	822,567	-
Global equity	3,307,614	-	3,307,614	-
Fixed income:				
Intermediate term	647,352	-	647,352	-
Core bonds	4,181,730	-	4,181,730	-
Credit	131,339	-	131,339	-
Opportunistic	733,159	-	733,159	-
Distressed debt	57,113	-	57,113	-
Diversifying strategies	2,230,030	-	2,230,030	-
Total privately held funds	<u>22,699,910</u>	<u>-</u>	<u>22,699,910</u>	<u>-</u>
Corporate and ADR bonds	158,151	-	158,151	-
Common stock	<u>306,271</u>	<u>306,271</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Equity	2,413,469	2,413,469	-	-
Fixed income	1,132,407	1,132,407	-	-
Sector	226,987	226,987	-	-
Total mutual funds	<u>3,772,863</u>	<u>3,772,863</u>	<u>-</u>	<u>-</u>
Money market accounts	<u>178,541</u>			
Total investments	<u>\$ 27,115,736</u>			

Clark State College Foundation  
 Notes to the Financial Statements  
 June 30, 2022 and 2021

**4. NET ASSETS:**

Net assets at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Without donor restrictions		
Board designated for scholarships		132,212
And special projects	\$ -	132,212
Board designated for endowment	378,963	435,965
Undesignated	<u>452,561</u>	<u>265,124</u>
Total	<u>\$ 831,524</u>	<u>833,031</u>
With donor restrictions		
Time / purpose restrictions		
Major gifts	\$ 520,161	577,712
Scholarships and other	1,402,988	952,012
Endowment	12,978,752	14,852,307
Mumma loan fund	<u>377,909</u>	<u>134,497</u>
	<u><u>15,279,810</u></u>	<u><u>16,516,528</u></u>
Perpetually restricted		
Scholarships	\$ 3,498,231	3,340,577
Performing Arts Center	3,696,395	3,692,576
Champion City Scholars	<u>3,138,367</u>	<u>3,138,367</u>
	<u><u>10,332,993</u></u>	<u><u>10,171,520</u></u>
Total	<u><u>\$ 26,444,327</u></u>	<u><u>26,688,048</u></u>

**5. RELATED PARTY TRANSACTIONS WITH CLARK STATE COLLEGE:**

During the years ended June 30, 2022 and 2021, the Foundation distributed \$251,288 and \$211,514, respectively, to the College for both restricted and unrestricted purposes. At June 30, 2022 and 2021, the Foundation owed the College \$52,267 and \$3,507, respectively.

Clark State College Foundation  
 Notes to the Financial Statements  
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## **6. ENDOWMENT COMPOSITION:**

The Foundation's endowment primarily consists of funds held at Commonfund. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	23,311,744	22,311,744
Board-designated funds	<u>378,963</u>	-	<u>378,963</u>
<b>Total funds</b>	<b>\$ 378,963</b>	<b>23,311,744</b>	<b>22,690,707</b>

Endowment net asset composition by type of fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	25,023,827	25,023,827
Board-designated funds	<u>435,695</u>	-	<u>435,695</u>
<b>Total funds</b>	<b>\$ 435,695</b>	<b>25,023,827</b>	<b>25,459,522</b>

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Changes in endowment net assets for year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 435,695	25,023,827	25,459,522
Investment return			
Investment income, net	(48,565)	(1,212,872)	(1,261,437)
Net appreciation	(9,546)	(558,437)	(567,983)
Total investment return	<u>(58,111)</u>	<u>(1,771,309)</u>	<u>(1,829,420)</u>
Contributions and other income	1,379	189,950	191,329
Appropriation of endowment assets for expenditure	<u>(0)</u>	<u>(130,724)</u>	<u>(130,724)</u>
Net assets, end of year	<u>\$ 378,963</u>	<u>23,311,744</u>	<u>23,690,707</u>

Changes in endowment net assets for year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 358,869	20,416,168	20,775,037
Investment return			
Investment income, net	331	544,176	544,507
Net appreciation	<u>85,499</u>	<u>4,490,981</u>	<u>4,576,480</u>
Total investment return	<u>85,830</u>	<u>5,035,157</u>	<u>5,120,987</u>
Contributions and other income	996	66,248	67,244
Appropriation of endowment assets for expenditure	<u>(10,000)</u>	<u>(493,746)</u>	<u>(503,746)</u>
Net assets, end of year	<u>\$ 435,695</u>	<u>25,023,827</u>	<u>25,459,522</u>

## **6. ENDOWMENT COMPOSITION (CONTINUED):**

### **Interpretation of UPMIFA**

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with time or purpose donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Foundation and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

### **Return objectives and risk parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index and the Barclays Index while assuming a moderate level of investment risk.

## **6. ENDOWMENT COMPOSITION (CONTINUED):**

### **Strategies employed for achieving objectives**

The purpose of the endowment fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop a new and significant source of revenue for the Foundation. In so doing, the endowment fund will provide a secure, long-term source of funds to: (i) stabilize scholarship funding during periods of below normal annual campaigns; (ii) fund special initiatives; (iii) ensure long-term growth; (iv) enhance our ability to meet changing Foundation needs in both the short and long-term; and, (v) support the administrative expenses of the Foundation as deemed appropriate.

### **Spending policy and how the investment objectives relate to spending policy**

The Finance/Investment/Audit Committee of the Board of Directors reviews the income distribution and spending policy annually and makes recommendations to the Board of Directors. Currently, the practice is to spend interest earned on endowment funds and retain any market gains in the endowment fund. Any other related proceeds are reinvested in the endowment fund. Within these parameters, the amount of the disbursement shall be determined annually by the Foundation Board of Directors, who may also elect to take no distribution in any given year.

### **Funds with deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation did not have any such deficiencies at June 30, 2022 or 2021.

Endowment fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations. In order to make a principal disbursement, a two-thirds majority vote by the Foundation Board of Directors will be required.

## **7. RISKS AND UNCERTAINTIES:**

The majority of the Foundation's contributions are received from donors located in the Springfield, Ohio area. As such, the Foundation's ability to generate resources via contributions is dependent on the economic health of that area. An economic downturn could cause a decrease in contributions that coincides with an increase in need for the individuals the Foundation supports.

The Foundation has investments managed by professional investment managers in compliance with the investment policy established by the Finance/Investment/Audit Committee of the Foundation. The underlying investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, including due to the pandemic noted below, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The extent of the impact of the COVID-19 pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. In addition to the potential impact to the fair value of investments noted above, the pandemic has affected certain donors. The extent to which the pandemic may further impact the Foundation's financial condition or results of activities is uncertain at this time.

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**8. AVAILABILITY OF FINANCIAL ASSETS:**

The following table presents the financial assets available to meet cash needs for general expenditures within one year as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 277,592	180,897
Investments	26,130,255	27,115,736
Pledges receivable, one year or less	17,342	201,819
Student loan receivable	57,099	18,529
Other receivables	<u>34</u>	<u>14</u>
	26,482,322	27,516,995
Less those unavailable for general expenditures - donor-restricted:	<u>25,612,802</u>	<u>26,688,048</u>
Financial assets available to meet general cash needs within one year	<u>\$ 869,520</u>	<u>828,947</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. If additional financial assets are needed based on unexpected needs, certain amounts from endowment funds could be made available, as necessary, in addition to the normal annual spending policy distributions.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Directors  
Clark State College Foundation  
Springfield, Ohio

We have audited, in accordance with the 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, the financial statements of Clark State College Foundation (a nonprofit organization), a component unit of Clark State College, which comprise the statement of financial position as of June 30, 2022, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2022.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

October 14, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



CLARK STATE COLLEGE FOUNDATION

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/22/2022

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)