

**CLARK STATE COMMUNITY  
COLLEGE FOUNDATION**

**FINANCIAL STATEMENTS**

June 30, 2009 and 2008





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Clark State Community College Foundation  
570 Leffels Lane  
Springfield, Ohio 45502

We have reviewed the *Report of Independent Auditors* of the Clark State Community College Foundation, Clark County, prepared by Crowe Horwath LLP, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clark State Community College Foundation is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 2, 2009

**This Page is Intentionally Left Blank.**

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
Springfield, Ohio

FINANCIAL STATEMENTS  
June 30, 2009 and 2008

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	2
STATEMENTS OF ACTIVITIES.....	3
STATEMENTS OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS .....	6
SUPPLEMENTARY INFORMATION	
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	17

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"), a component unit of Clark State Community College, as of June 30, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clark State Community College Foundation as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

*Crowe Horwath LLP*

Crowe Horwath LLP

Columbus, Ohio  
October 16, 2009

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2009 and 2008

---

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 247,832	\$ 100,758
Investments	9,339,525	10,662,201
Accounts receivable, Clark State Community College	56,497	43,249
Pledges receivable	2,831,016	3,054,935
Student loans receivable, net of allowance for doubtful loans of \$99,378 in 2009 and \$80,266 in 2008	198,387	240,305
Prepaid expenses	300	1,304
	<u>\$ 12,673,557</u>	<u>\$ 14,102,752</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Wages payable	\$ 3,112	\$ 1,961
	<u>3,112</u>	<u>1,961</u>
Net assets		
Unrestricted	320,064	768,601
Temporarily restricted	4,910,937	6,141,250
Permanently restricted	<u>7,439,444</u>	<u>7,190,940</u>
	<u>12,670,445</u>	<u>14,100,791</u>
	<u>\$ 12,673,557</u>	<u>\$ 14,102,752</u>

---

See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES  
Year ended June 30, 2009 with comparative 2008 totals

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
<b>Revenues and other support</b>					
Campaign contributions	\$ 57,215	\$ 131,049	\$ 10,089	\$ 198,353	\$ 196,990
Foundation contributions	1,694	157,023	238,415	397,132	317,062
Interest	12,399	325,701	-	338,100	392,126
Net realized and unrealized gains (losses) on investment	(422,816)	(1,231,064)	-	(1,653,880)	(582,245)
Miscellaneous	89,810	20,505	-	110,315	184,095
Net assets released from restrictions	<u>633,527</u>	<u>(633,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues and other support	 371,829	 (1,230,313)	 248,504	 (609,980)	 508,028
<b>Expenses</b>					
Programs	700,178	-	-	700,178	1,689,160
Management and general	<u>120,188</u>	<u>-</u>	<u>-</u>	<u>120,188</u>	<u>110,423</u>
 Total expenses	 <u>820,366</u>	 <u>-</u>	 <u>-</u>	 <u>820,366</u>	 <u>1,799,583</u>
 Change in net assets	 (448,537)	 (1,230,313)	 248,504	 (1,430,346)	 (1,291,555)
 Net assets at beginning of year	 <u>768,601</u>	 <u>6,141,250</u>	 <u>7,190,940</u>	 <u>14,100,791</u>	 <u>15,392,346</u>
 <b>Net assets at end of year</b>	 <u>\$ 320,064</u>	 <u>\$ 4,910,937</u>	 <u>\$ 7,439,444</u>	 <u>\$ 12,670,445</u>	 <u>\$ 14,100,791</u>

See accompanying notes to financial statements.



CLARK STATE COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2008

---

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2008</u>
<b>Revenues and other support</b>				
Campaign contributions	\$ 64,563	\$ 116,834	\$ 15,593	\$ 196,990
Foundation contributions	2,490	237,836	76,736	317,062
Interest	24,612	367,514	-	392,126
Net realized and unrealized gains (losses) on investments	(24,124)	(558,121)	-	(582,245)
Miscellaneous	167,543	16,552	-	184,095
Net assets released from restrictions	<u>1,531,025</u>	<u>(1,531,025)</u>	<u>-</u>	<u>-</u>
 Total revenues and other support	 1,766,109	 (1,350,410)	 92,329	 508,028
<b>Expenses</b>				
Programs	1,689,160	-	-	1,689,160
Management and general	<u>110,423</u>	<u>-</u>	<u>-</u>	<u>110,423</u>
 Total expenses	 <u>1,799,583</u>	 <u>-</u>	 <u>-</u>	 <u>1,799,583</u>
 Change in net assets	 (33,474)	 (1,350,410)	 92,329	 (1,291,555)
 Net assets at beginning of year	 <u>802,075</u>	 <u>7,491,660</u>	 <u>7,098,611</u>	 <u>15,392,346</u>
 <b>Net assets at end of year</b>	 <u>\$ 768,601</u>	 <u>\$6,141,250</u>	 <u>\$ 7,190,940</u>	 <u>\$ 14,100,791</u>

---

See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF CASH FLOWS  
 Years ended June 30, 2009 and 2008

---

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,430,346)	\$ (1,291,555)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized losses on investments	1,653,880	582,245
Contributions restricted for long-term purposes	(248,504)	(92,329)
Effects of changes in operating assets and liabilities		
Receivables	252,589	463,296
Prepaid expenses	1,004	(1,304)
Wages payable	1,151	230
Accounts payable	<u>-</u>	<u>(1,872)</u>
Net cash from operating activities	229,774	(341,289)
<b>Cash flows from investing activities</b>		
Sales of investments	628,872	2,080,409
Purchases of investments	<u>(960,076)</u>	<u>(1,818,160)</u>
Net cash from investing activities	<u>(331,204)</u>	<u>262,249</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term purposes	<u>248,504</u>	<u>92,329</u>
Net cash from financing activities	<u>248,504</u>	<u>92,329</u>
Change in cash and cash equivalents	147,074	13,289
Cash and cash equivalents at beginning of year	<u>100,758</u>	<u>87,469</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 247,832</u>	<u>\$ 100,758</u>

---

See accompanying notes to financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

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

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

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

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

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

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

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

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

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

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

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

Financial Accounting Standards Board ("FASB") interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, ("FIN 48"), issued in July, 2006 was effective as of January 1, 2007. The Foundation has elected to defer adoption of FIN 48 in accordance with the provisions of FASB Staff Position No. 48-3, which permits certain non-public enterprises to delay adoption until fiscal years beginning after December 15, 2008. Currently, the Foundation accounts for contingencies associated with uncertain tax positions in accordance with SFAS No. 5, *Accounting for Contingencies*, which provides the recording of a contingency based on the probability of certain events to transpire that range from probable to remote as opposed to applying a more-likely-than-not recognition threshold.

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

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

Adoption of New Accounting Standards: In 2006, FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings. This Standard is effective for financial statements issued for fiscal years beginning after November 15, 2007.

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

Accordingly, the Foundation adopted these standards for the year ended June 30, 2009.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2009 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2009. Management has performed this analysis through October 16, 2009.

Reclassifications: The Foundation has made certain reclassifications to the prior-year financial statements in order to conform to the current-year presentation. These reclassifications had no effect on net assets or changes in net assets.

**NOTE 2 - CASH**

A summary of cash follows:

	<u>2009</u>	<u>2008</u>
Imprest cash fund, Dean's Loan and Circle of Friends	\$ 1,400	\$ 1,400
STAR Ohio	<u>246,432</u>	<u>99,358</u>
	<u>\$ 247,832</u>	<u>\$ 100,758</u>

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

**NOTE 3 - INVESTMENTS**

The following summarizes investment values at June 30:

	<u>2009</u>	<u>2008</u>
Bond fund	\$ 1,715,190	\$ 2,079,947
Equity fund	3,943,293	4,623,601
High quality bond fund	1,679,265	1,654,523
Money market accounts	564,121	577,454
Mutual fund - fixed	499,267	504,439
Preferred stock	33,810	53,305
Mutual fund - closed-end equity	47,000	60,960
Mutual fund - equity	623,536	882,900
Certificates of deposit	<u>234,043</u>	<u>225,072</u>
	<u>\$ 9,339,525</u>	<u>\$ 10,662,201</u>

Investment fees are netted against interest income in the Statement of Activities. Total fees for 2009 and 2008 are \$29,472 and \$38,321, respectively. The Foundation has entered into agreements whereby banks will indemnify against loss up to \$3,000,000.

SFAS No. 157 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.

Statement 157 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 entity 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.

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

**NOTE 3 - INVESTMENTS** (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

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

Money market accounts and certificates of deposit are reported at fair value, which is determined by quoted market prices in markets that are not active (Level 2 inputs).

Fund of funds and certain equity type securities 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 individual fund manager, are utilized in determining individual security valuations (Level 3 inputs).

Assets and Liabilities Measured on a Recurring Basis: Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at June 30, 2009 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond fund	\$ -	\$ -	\$ 1,715,190
Equity fund	-	-	3,943,293
High quality bond fund	-	-	1,679,265
Money market accounts	-	564,121	-
Mutual fund - fixed	499,267	-	-
Preferred stock	33,810	-	-
Mutual fund - closed-end equity	47,000	-	-
Mutual fund - equity	623,536	-	-
Certificates of deposit	-	234,043	-

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

**NOTE 3 - INVESTMENTS (Continued)**

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2009:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	<u>Bond fund</u>	<u>Equity fund</u>	High Quality <u>Bond Fund</u>	<u>Total</u>
Beginning balance, June 30, 2008	\$ 2,079,947	\$ 4,623,601	\$ 1,654,523	\$ 8,358,071
Total gains or losses (realized/unrealized)				
Included in earnings				
Interest and dividend income on securities	95,331	42,053	115,655	253,039
Other changes in fair value	(134,193)	(1,179,782)	(43,391)	(1,357,366)
Gains (losses) on sale of securities	-	-	-	-
Purchases	25,202	22,126	-	47,328
Transfers in and/or out of Level 3	(351,097)	435,295	(47,522)	36,676
Ending balance, June 30, 2009	\$ 1,715,190	\$ 3,943,293	\$ 1,679,265	\$ 7,337,748

**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>2009</u>	<u>2008</u>
One year or less	\$ 508,651	\$ 450,241
Between one and five years	1,119,000	1,299,707
Longer than five years	1,875,000	2,250,000
	3,502,651	3,999,948
Discounts and allowance	(671,635)	(945,013)
Net pledges	\$ 2,831,016	\$ 3,054,935

---

(Continued)



CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

**NOTE 5 - NET ASSETS**

Net assets at June 30 consists of the following:

	<u>2009</u>	<u>2008</u>
<u>Unrestricted</u>		
Major gifts	\$ 265,541	\$ 263,970
Board designated for scholarships and special projects	166,339	273,312
Board designated for endowment	226,383	264,230
Unrestricted	<u>(338,199)</u>	<u>(32,611)</u>
Total	<u>\$ 320,064</u>	<u>\$ 768,601</u>
<u>Temporarily restricted</u>		
Major gifts - facilities	\$ 3,238,242	\$ 3,215,918
Scholarships and other	332,446	297,440
Endowment	1,188,052	2,467,728
Dorothy Mumma Tuition Loan Fund	<u>152,197</u>	<u>160,134</u>
Total	<u>\$ 4,910,937</u>	<u>\$ 6,141,250</u>
<u>Permanently restricted</u>		
Scholarships	\$ 2,342,481	\$ 2,207,722
Performing Arts Center	2,163,785	2,108,687
Technology	502,694	502,694
Champion City Scholarships	<u>2,430,484</u>	<u>2,371,837</u>
Total	<u>\$ 7,439,444</u>	<u>\$ 7,190,940</u>

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009 and 2008

---

**NOTE 6 - DISTRIBUTIONS TO CLARK STATE COMMUNITY COLLEGE**

During the years ended June 30, 2009 and 2008, the Foundation distributed \$431,492 and \$1,331,159, respectively, to the College for both restricted and unrestricted purposes.

**NOTE 7 - 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, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor restricted endowment funds	\$ (339,696)	\$ 1,188,052	\$ 7,439,444	\$ 8,287,800
Board-designated funds	<u>226,383</u>	<u>-</u>	<u>-</u>	<u>226,383</u>
Total funds	<u>\$ (113,313)</u>	<u>\$ 1,188,052</u>	<u>\$ 7,439,444</u>	<u>\$ 8,514,183</u>

Endowment net asset composition by type of fund as of June 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor restricted endowment funds	\$ (52,471)	\$ 2,467,728	\$ 7,190,940	\$ 9,606,197
Board-designated funds	<u>264,230</u>	<u>-</u>	<u>-</u>	<u>264,230</u>
Total funds	<u>\$ 211,759</u>	<u>\$ 2,467,728</u>	<u>\$ 7,190,940</u>	<u>\$ 9,870,427</u>

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

**NOTE 7 - ENDOWMENT COMPOSITION (Continued)**

Changes in endowment net assets for year ended June 30, 2009.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ 211,759	\$ 2,467,728	\$ 7,190,940	\$ 9,870,427
Investment return				
Investment income, net	4,527	296,142	-	300,669
Net appreciation (realized and unrealized gains/losses)	<u>(335,079)</u>	<u>(1,283,536)</u>	<u>-</u>	<u>(1,618,615)</u>
Total investment return	(330,552)	(987,394)	-	(1,317,946)
Contributions	5,480	7,997	248,504	261,981
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(300,279)</u>	<u>-</u>	<u>(300,279)</u>
Net assets, end of year	<u>\$ (113,313)</u>	<u>\$ 1,188,052</u>	<u>\$ 7,439,444</u>	<u>\$ 8,514,183</u>

Changes in endowment net assets for year ended June 30, 2008.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ 306,028	\$ 2,773,828	\$ 7,098,611	\$ 10,178,467
Investment return				
Investment income, net	8,491	319,545	-	328,036
Net appreciation (realized and unrealized gains/losses)	<u>(64,966)</u>	<u>(504,821)</u>	<u>-</u>	<u>(569,787)</u>
Total investment return	(56,475)	(185,276)	-	(241,751)
Contributions	-	7,812	92,329	100,141
Appropriation of endowment assets for expenditure	<u>(37,794)</u>	<u>(128,636)</u>	<u>-</u>	<u>(166,430)</u>
Net assets, end of year	<u>\$ 211,759</u>	<u>\$ 2,467,728</u>	<u>\$ 7,190,940</u>	<u>\$ 9,870,427</u>

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.

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

**NOTE 7 - ENDOWMENT COMPOSITION** (Continued)

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 permanently restricted net assets is classified as temporarily restricted net assets 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 organization 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 organization
- (7) The investment policies of the organization

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.

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.

---

(Continued)

CLARK STATE COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

---

**NOTE 7 - ENDOWMENT COMPOSITION (Continued)**

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Finance/Investment 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. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled \$339,696 and \$52,471 at June 30, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations.

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.

**SUPPLEMENTARY INFORMATION**

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

Board of Directors  
Clark State Community College Foundation  
Springfield, Ohio

We have audited the financial statements of Clark State Community College Foundation (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clark State Community College Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clark State Community College Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clark State Community College Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

---

(Continued)

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clark State Community College Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Crowe Horwath LLP*  
Crowe Horwath LLP

Columbus, Ohio  
October 16, 2009





**Mary Taylor, CPA**  
Auditor of State

**CLARK STATE COMMUNITY COLLEGE FOUNDATION**

**CLARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 17, 2009**