

**CLARK STATE COMMUNITY COLLEGE
FOUNDATION**

Financial Statements

June 30, 2002 and 2001

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

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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, 2001 through June 30, 2002. 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 black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 22, 2003

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CLARK STATE COMMUNITY COLLEGE FOUNDATION

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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 nonprofit organization) as of June 30, 2002 and 2001, 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, 2002 and 2001, 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 August 23, 2002, on our consideration of Clark State Community College Foundations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Clark, Schaefer, Hackett & Co.
Springfield, Ohio
August 23, 2002

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CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position

June 30, 2002 and 2001

	<u>Assets</u>	
	<u>2002</u>	<u>2001</u>
Cash	\$ 101,548	216,737
Investments	4,216,928	2,614,214
Accounts receivable, Clark State Community College	70,386	68,506
Pledges receivable	6,031	3,007
Student loans receivable, net of allowance for doubtful accounts of \$38,580 and \$37,224, respectively	57,761	70,800
Prepaid expenses	<u>633</u>	<u>-</u>
Total assets	\$ <u>4,453,287</u>	<u>2,973,264</u>
	<u>Liabilities and Net Assets</u>	
Payable to Clark State Community College	\$ <u>71,646</u>	<u>46,284</u>
Net assets:		
Unrestricted	381,935	421,750
Temporarily restricted	456,586	456,168
Permanently restricted	<u>3,543,120</u>	<u>2,049,062</u>
Total net assets	<u>4,381,641</u>	<u>2,926,980</u>
Total liabilities and net assets	\$ <u>4,453,287</u>	<u>2,973,264</u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Activities

Years Ended June 30, 2002 and 2001

	2002			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Revenue and support:				
Contributions	\$ 111,387	62,035	30,368	203,790
Interest	12,531	22,801	67,973	103,305
Miscellaneous	850	90,455	1,524,998	1,616,303
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>144,255</u>	<u>(144,255)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>269,023</u>	<u>31,036</u>	<u>1,623,339</u>	<u>1,923,398</u>
Expenses:				
Programs	207,075	-	-	207,075
Management and general	1,325	-	-	1,325
Net unrealized loss on investments	<u>40,435</u>	<u>-</u>	<u>219,902</u>	<u>260,337</u>
Total expenses	<u>248,835</u>	<u>-</u>	<u>219,902</u>	<u>468,737</u>
Increase (decrease) in net assets	20,188	31,036	1,403,437	1,454,661
Other changes in net assets:				
Transfer of earnings	-	46,891	(46,891)	-
Transfer of board designated endowment	(60,003)	(77,509)	137,512	-
Net assets, beginning of year	<u>421,750</u>	<u>456,168</u>	<u>2,049,062</u>	<u>2,926,980</u>
Net assets, end of year	\$ <u>381,935</u>	<u>456,586</u>	<u>3,543,120</u>	<u>4,381,641</u>

See accompanying notes to the financial statements.

2001 (Restated)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and support:				
Contributions	\$ 51,943	68,384	60,780	181,107
Fundraising	-	56,376	-	56,376
Interest	5,210	22,432	58,350	85,992
Miscellaneous	11,339	-	246,260	257,599
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>111,867</u>	<u>(111,867)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>180,359</u>	<u>35,325</u>	<u>365,390</u>	<u>581,074</u>
Expenses:				
Programs	156,803	-	-	156,803
Management and general	3,658	-	-	3,658
Fundraising	30,573	-	-	30,573
Net unrealized loss on investments	<u>15,967</u>	<u>-</u>	<u>97,331</u>	<u>113,298</u>
Total expenses	<u>207,001</u>	<u>-</u>	<u>97,331</u>	<u>304,332</u>
Increase (decrease) in net assets	(26,642)	35,325	268,059	276,742
Other changes in net assets:				
Transfer of earnings	10,339	17,662	(28,001)	-
Transfer of board designated endowment	(9,682)	9,682	-	-
Net assets, beginning of year (as restated)	<u>447,735</u>	<u>393,499</u>	<u>1,809,004</u>	<u>2,650,238</u>
Net assets, end of year (as restated)	<u>\$ 421,750</u>	<u>456,168</u>	<u>2,049,062</u>	<u>2,926,980</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,454,661	283,256
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net unrealized losses on investments	260,337	113,298
Effects of changes in operating assets and liabilities:		
Decrease (increase) in receivables	8,135	(58,661)
Increase in prepaid expenses	(633)	-
Increase in payable to Clark State Community College	<u>25,362</u>	<u>24,467</u>
Net cash provided by operating activities	<u>1,747,862</u>	<u>362,360</u>
Cash flows from investing activities:		
Purchase of investments	(1,863,244)	(295,950)
Principal redeemed	<u>193</u>	<u>10,747</u>
Net cash used for investing activities	<u>(1,863,051)</u>	<u>(285,203)</u>
Net increase (decrease) in cash	(115,189)	77,157
Cash, beginning of year	<u>216,737</u>	<u>139,580</u>
Cash, end of year	\$ <u>101,548</u>	<u>216,737</u>

See accompanying notes to the financial statements.

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

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 to aid and promote 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.

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

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

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>2002</u>	<u>2001</u>
Checking account, National City Bank	\$ 95,787	211,035
Savings account, National City Bank	<u>5,761</u>	<u>5,702</u>
	\$ <u>101,548</u>	<u>216,737</u>

Cash accounts at banks are insured by the FDIC for up to \$100,000. The National City account bank balance exceeds insured limits by \$3,170 for 2002 and \$120,492 for 2001.

3. Investments:

The following summarizes investment values at June 30:

	<u>2002</u>		<u>2001</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Bond fund:				
Unrestricted	\$ 87,884	87,408	45,579	43,078
Endowment	<u>1,054,814</u>	<u>1,061,820</u>	<u>755,662</u>	<u>739,040</u>
	<u>1,142,698</u>	<u>1,149,228</u>	<u>801,241</u>	<u>782,118</u>
Equity fund:				
Unrestricted	138,789	172,940	46,628	104,559
Endowment	<u>1,600,076</u>	<u>1,709,468</u>	<u>1,015,978</u>	<u>1,382,669</u>
	<u>1,738,865</u>	<u>1,882,408</u>	<u>1,062,606</u>	<u>1,487,228</u>
Core bond fund:				
Endowment	<u>806,905</u>	<u>808,508</u>	-	-
Certificates of Deposit	<u>367,724</u>	<u>367,724</u>	<u>344,868</u>	<u>344,868</u>
McDonald's corporate stock	<u>9,060</u>	<u>9,060</u>	-	-
Total	\$ <u>4,065,252</u>	<u>4,216,928</u>	<u>2,208,715</u>	<u>2,614,214</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

4. Net Assets:

The following summarizes the purposes and restrictions of the funds:

Unrestricted:

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>2002</u>	<u>2001</u>
	\$ <u>2,829</u>	<u>3,245</u>

Board designated funds:

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:

Grosh Memorial Fund, income to accumulate, to be used in conjunction with Faculty Endowment Fund.	\$ 1,420	1,551
Richard O. Brinkman Memorial Fund, income to accumulate, to be used in conjunction with Faculty Endowment Fund.	11,342	12,528
Faculty/Staff Development Fund, to be used for faculty and staff development projects.	39,316	45,120
Scholarship Fund, to be used for general scholarships.	84,050	52,902
Child Care Scholarship Fund, to be used for daycare of students' children.	-	(582)
Special projects, with no designated purpose at this time.	6,428	7,378
The Discretionary Fund, to be used to provide emergency student loans up to \$150.	1,987	2,281

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

Board designated funds (continued):

College Endowment Fund, use is undecided at this time	<u>234,563</u>	<u>297,327</u>
Board designated net assets	<u>379,106</u>	<u>418,505</u>
Total unrestricted net assets	\$ <u>381,935</u>	<u>421,750</u>

Temporarily Restricted:

Scholarship fund

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

	<u>2002</u>	<u>2001</u>
Elliot Scholarship Fund	\$ 14,616	15,415
Hilda Seaman Fund	11,684	10,804
Florence Hilbert Fund	12,356	12,192
South High Alumni Fund	79	75
Mildred Penwell Fund	1,799	1,786
Ilean Moore Nursing Scholarship Fund	2,626	4,616
Kerber Fund	176	894
Dan Pond Fund	1,504	1,514
Arthur Wall Fund - Police	2,650	2,830
Zonta Fund	9,314	6,964
Lions Club Fund	92	88
Faculty Fund	5,038	5,500
Remerowski Fund	4,956	4,720
Connie Murphy Fund	3,248	3,093
Rotary Fund	4,644	4,216
Accounting Fund	19,634	15,878
Hickes Nursing Scholarship Fund	4,639	4,202
Union Club Fund	5,347	4,614
Frontiers Fund	2,584	2,547
RN Scholarship Fund	9,481	8,346
Building Industries Assoc. Fund	1,040	763
Mildred Hartman Miller Fund	13,402	16,299
Aetna Fund	92	1,060
National City Bank	1,015	-
Frazier Court Reporting Fund	2,426	2,702
Gala Fund	3,602	3,430
Circle of Friends Fund	76,977	105,053
Armed Forces Community Elec. Assoc. Fund	1,411	844
Wenrick Fund	1,267	10,864

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

Temporarily Restricted (continued):

Ann Field Fund	1,857	1,625
PGA Fund	-	6,242
Theatre Fund	12,958	11,472
SAABSE Fund	285	271
Child Care Fund	5,537	4,267
Buroker Scholarship Fund	844	1,000
Performing Arts Center Brick Fund	858	838
Kuss Memorial Fund	29,004	47,061
Calland Fund	1,312	697
Gerald Furay Fund	786	502
Barbara Kuss Memorial Fund	6,732	4,293
Technology Fund	13,213	6,610
Brinkman Memorial Fund	58	55
Performing Arts Center Fund	15,824	9,802
R & M Scholarship	1,607	781
Barbara Davis	299	70
Society of Manufacturing Engineers	2,866	1,615
Independent Insurance	1,050	-
ECEC Playground	35,174	-
Engineering	119	-
Robe	5,742	-
CSCC - PAC	<u>10,905</u>	<u>-</u>
Sub-total	<u>364,729</u>	<u>348,510</u>

Dorothy Mumma Tuition Loan Fund

Loan 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 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>91,857</u>	<u>107,658</u>
Total temporarily restricted net assets	\$ <u>456,586</u>	<u>456,168</u>

Permanently Restricted:

The following represents endowed funds at June 30:

	<u>2002</u>	<u>2001</u>
Mildred Hartman Miller Endowment Fund, income to be used for unspecified scholarships.	\$ 315,992	341,118

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

Permanently Restricted (continued):

Dan Pond Memorial Endowment Fund, income to be used for scholar- ships to agriculture students.	14,160	15,309
Hilda Seaman Endowment Fund, income to be used to assist visually impaired students.	25,087	27,122
Arthur Wall, Jr. Memorial Endowment Fund, income to be used for scholarships to law enforcement students.	10,606	11,366
Ilean Moore Endowment Fund, income to be used for scholarships to nursing students.	62,720	67,806
Faculty Endowment Fund, income to be used for scholarships according to faculty approved criteria.	36,677	39,452
Frontier's Endowment Fund, income to be used for scholarships to minority students.	37,384	40,417
Elliot Endowment Fund, income to be used for unspecified scholarships.	169,427	165,658
Hickes Endowment Fund, income to be used for scholarships to nursing students.	12,673	13,701
Morris Endowment Fund, income to be used for scholarships to accounting students.	251,538	272,057
Performing Arts Center Endowment Fund, income to be used for operation of the Performing Arts Center.	279,798	237,641
Technology Endowment Fund, income to be used to support Clark State Community College technology.	332,816	221,825
Child Care Endowment Fund, income to be used for student's children to attend Clark State Community College's Early Childhood Education Center.	48,321	52,256

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

Permanently Restricted (continued):

Calland Endowment Fund, income is to be used to fund the Alice E. McKinley Scholarship for second year students.	27,312	20,745
Gerald Furay Endowment Fund, income is to be used for scholarships at the discretion of Foundation Board of Directors.	10,718	11,593
Turner Endowment Fund, use of income undetermined at this time.	981,456	388,675
Barbara Kuss Endowment Fund, income is to be used to support operations of the Performing Arts Center.	91,800	99,294
Barbara Davis, income to be used to fund the Barbara A. Davis Scholarship for health technologies.	8,837	9,559
Buroker, income to be used to assist GRADS Students in pursuing an education at Clark State Community College.	18,939	13,468
Peggy Wenrick Endowment Fund, income to be used for scholarships to graduates of Tecumseh High School.	9,254	-
PACC-CSCC Transferred Endowment, income to be used for maintenance of Performing Arts Center.	<u>797,605</u>	<u>-</u>
Total permanently restricted net assets	\$ <u>3,543,120</u>	<u>2,049,062</u>

5. Restatement:

Beginning net assets were restated for the year ending June 30, 2001 as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning net assets per prior financial statement	\$ 421,750	522,943	1,988,801	2,933,494
Restatement	-	-	(6,514)	(6,514)
Reclass	<u>-</u>	<u>(66,775)</u>	<u>66,775</u>	<u>-</u>
Beginning net assets as restated	\$ <u>421,750</u>	<u>456,168</u>	<u>2,049,062</u>	<u>2,926,980</u>

CLARK STATE COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2002 and 2001

The restatement was a result of campaign revenue for fiscal year 2000 not distributed to the College. The reclassification was a result of campaign revenue from fiscal year 2000 not allocated to the restricted fund and interest incorrectly recorded as restricted that should have been temporarily restricted.

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

Report on Compliance and on Internal Control Over Financial
Reporting based on an Audit of Financial Statement 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, 2002 and 2001, and have issued our report thereon dated August 23, 2002. 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.


Compliance

As part of obtaining reasonable assurance about whether Clark State Community College Foundation's financial statement are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *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 statement 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 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.

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.


Springfield, Ohio
August 23, 2002



**Auditor of State
Betty Montgomery**

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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 6, 2003**