

**THE LAKELAND FOUNDATION  
KIRTLAND, OHIO**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
The Lakeland Foundation  
7700 Clocktower Drive  
Kirtland, Ohio 44094

We have reviewed the *Independent Auditor's Report* of The Lakeland Foundation, Lake County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 2007 through June 30, 2008. 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 Lakeland Foundation is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 25, 2008

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**THE LAKELAND FOUNDATION  
FINANCIAL STATEMENTS**

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### Independent Auditor's Report

To the Board of Directors of  
The Lakeland Foundation  
7700 Clocktower Drive  
Kirtland, OH, 44094

We have audited the accompanying statement of financial position of The Lakeland Foundation (a nonprofit organization) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lakeland Foundation at June 30, 2008, and the changes in its net assets and its cash flows for the year 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 a report dated October 6, 2008, on our consideration of The Lakeland Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*S.R. Snodgrass A.C.*

Mentor, Ohio  
October 6, 2008

**THE LAKELAND FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FOR 2007)**

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ 254,107	\$ 248,904
Cash Held for Others	25,875	26,768
Investments, at fair value	2,379,916	2,362,805
Pledges Receivable - net	156,986	157,898
Donations Receivable	17,816	18,318
Loans Receivable - net	12,634	17,083
Other Assets	5,922	834
 Total Assets	 <u><u>\$ 2,853,256</u></u>	 <u><u>\$ 2,832,610</u></u>
 <b>LIABILITIES</b>		
Payables (Scholarship and Trade)	\$ 53,142	\$ 62,319
Due to Custodial Funds	25,875	26,768
Contingent Pledge Liability	-	25,000
 Total Liabilities	 <u>79,017</u>	 <u>114,087</u>
 <b>NET ASSETS</b>		
Permanently Restricted	1,747,361	1,788,328
Temporarily Restricted	777,112	760,899
Unrestricted	249,766	169,296
 Total Net Assets	 <u>2,774,239</u>	 <u>2,718,523</u>
	 <u><u>\$ 2,853,256</u></u>	 <u><u>\$ 2,832,610</u></u>

The accompanying notes are an integral part of the financial statements.

**THE LAKELAND FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FOR 2007)**

SUPPORT, REVENUE, and RECLASSIFICATIONS	PERMANENTLY RESTRICTED		TEMPORARILY RESTRICTED	UNRESTRICTED		2008 TOTALS	2007 TOTALS			
Private and Corporate Contributions and Grants	\$	72,572	\$	698,584	\$	128,075	\$	899,231	\$	837,060
Donations - In-Kind	-	-	97,984	-	7,097	-	105,081	-	98,248	98,248
Interest and Dividends	47,288	-	-	39,708	-	86,996	70,093	86,996	70,093	70,093
Realized Gain (Loss) on Investments	81,786	-	-	5,303	-	87,089	141,785	87,089	141,785	141,785
Unrealized Gain on Investments	(218,804)	-	1,316	-	1,255	(216,233)	55,903	(216,233)	55,903	55,903
Total Support and Revenue	(17,158)	-	797,884	-	181,438	-	962,164	962,164	-	1,203,089
Net Assets Released from Restrictions or Transferred	(23,809)	-	(781,671)	-	805,480	-	-	-	-	-
Total Support, Revenues, and Reclassifications	(40,967)	-	16,213	-	986,918	-	962,164	962,164	-	1,203,089
<b>PROGRAM and SUPPORT EXPENSES</b>										
Program Services:										
Scholarships	-	-	-	-	317,608	-	317,608	317,608	-	378,302
Educational and Related Programs	-	-	-	-	297,252	-	297,252	297,252	-	223,773
In-Kind Educational and Related Programs	-	-	-	-	55,931	-	55,931	55,931	-	50,021
Total Program Services	-	-	-	-	670,791	-	670,791	670,791	-	652,096
Support Services:										
Administration	-	-	-	-	116,727	-	116,727	116,727	-	120,975
Administrative - In-Kind	-	-	-	-	171	-	171	171	-	257
Fundraising	-	-	-	-	69,689	-	69,689	69,689	-	91,837
Fundraising - In-Kind	-	-	-	-	49,070	-	49,070	49,070	-	47,878
Total Support Services	-	-	-	-	235,657	-	235,657	235,657	-	260,947
Total Program and Support Expenses	-	-	-	-	906,448	-	906,448	906,448	-	913,043
<b>CHANGE IN NET ASSETS</b>	(40,967)	-	16,213	-	80,470	-	55,716	55,716	-	290,046
<b>NET ASSETS - Beginning of Year</b>	1,788,328	-	760,899	-	169,296	-	2,718,523	2,718,523	-	2,428,477
<b>NET ASSETS - End of Year</b>	\$	1,747,361	\$	777,112	\$	249,766	\$	2,774,239	\$	2,718,523

The accompanying notes are an integral part of the financial statements.



**THE LAKELAND FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2008**  
**(WITH COMPARATIVE TOTALS FOR 2007)**

	2008	2007
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 55,716	\$ 290,046
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Allowance for Uncollectible Loans	(125)	6,572
Change in Allowance for Uncollectible Pledges	(19,959)	10,393
Change in Discounts to Net Present Value	(3,105)	(5,259)
Realized Gain on Investments	(87,089)	(141,785)
Unrealized Loss (Gain) on Investments	216,233	(55,903)
Contributions Restricted for Long-Term Investment	(73,665)	(79,923)
Interest and Dividends Restricted for Reinvestment	(47,065)	(42,733)
Changes in Operating Assets and Liabilities:		
Decrease in Pledges Receivable	23,978	65,300
(Increase) Decrease in Program Loans Receivable	4,574	(2,745)
Decrease in Accounts Receivable	502	11,147
Decrease (Increase) in Other Assets	(5,088)	763
(Decrease) in Payables	(9,177)	(415)
(Decrease) in Contingent Pledge Liability	(25,000)	(25,000)
Total Adjustments	(24,986)	(259,588)
Net Cash Provided by (Used by) Operating Activities	30,730	30,458
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturity of Investments	1,246,063	2,055,904
Purchase of Investments	(1,285,054)	(2,289,336)
Change in Investment Money Market funds	(107,266)	36,975
Net Cash Used by Investing Activities	(146,257)	(196,457)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest and Dividends Restricted for Reinvestment	47,065	42,733
Contributions Restricted for Long-Term Investment	73,665	79,923
Net Cash Provided by Financing Activities	120,730	122,656
Net Change in Cash and Cash Equivalents	5,203	(43,343)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	248,904	292,247
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	\$ 254,107	\$ 248,904
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING ACTIVITIES</b>		
Donated Goods	105,081	98,248
Donated Goods Used in Operations	(105,172)	(98,156)
Net Change Affecting Net Assets	\$ (91)	\$ 92

The accompanying notes are an integral part of the financial statements.

**THE LAKELAND FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008**

**1. NATURE OF ACTIVITIES**

The Lakeland Foundation (the "Foundation") was formed in 1981 to obtain private financing support for the promotion of excellence at Lakeland Community College ("LCC") and operates for the benefit and is a component unit of Lakeland Community College. The Foundation provides scholarships, support, and loans to financially disadvantaged students, students demonstrating excellent academic abilities, and students meeting criteria of specific donor stipulations. The Foundation also provides support to specific educational departments and programs of LCC. The accounting records for the Foundation are maintained at LCC Kirtland, Ohio. Certain administrative expenses of the Foundation are paid directly by LCC.

The Foundation serves as fiscal agent for Partners in Science Excellence (PSE). Partners in Science Excellence is a separate organization with its own board. The cash on hand and due PSE is reflected on the Statement of Financial Position and Cash Held for Others and Due to Custodial Funds.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

**THE LAKELAND FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year (2007) comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2007, from which the comparative total amounts were derived. The 2007 audited financial statement had an unqualified opinion expressed on it by S.R. Snodgrass, A.C.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and liquid debt instruments that may be used within one year. Money Market investments are considered investments and are classified as such in the cash flow statement.

CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash and cash equivalents in various bank accounts, the amounts of which may at times exceed federally insured limits. The Foundation's cash investments are placed with high-credit-quality financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash and cash equivalents at the institution exceed the federally insured limits. The amount in excess of the FDIC limit totaled \$ 192,064 as of June 30, 2008. The Foundation has not experienced any losses in such accounts, and management believes the Foundation is not subject to a risk of loss beyond that related to market changes.

INVESTMENTS

Investments in marketable securities are stated at fair market value.

The Foundation's practice with respect to contributions of equity securities is to sell the securities upon receipt for their current fair market value.

FINANCIAL INSTRUMENTS

The amounts recorded on the Statement of Financial Position for the financial instruments approximate the fair value of those items.

**THE LAKELAND FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

CONTRIBUTIONS

The Foundation accounts for donations in accordance with the recommendations of the FASB in SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

TAX STATUS

The Foundation is considered a charitable organization under Section 501 (c) (3) of the Internal Revenue Code and is therefore exempt from federal income tax.

DONATIONS AND PLEDGES RECEIVABLE

Donations receivable are funds committed in the ordinary course of the Foundation's operations.

Pledges receivable are funds committed as part of the major gifts campaign.

DONATED ADMINISTRATIVE EXPENSES

Certain administrative functions of the Foundation are performed by administrative employees of Lakeland Community College at no charge to the Foundation. The value of these services is not recognized in these financial statements. The dollar value is not significant in relation to the financial statements taken as a whole.

DONATED FUNDRAISING EXPENSES

Significant time has been provided by many volunteers in fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

COMMITMENTS

There were no significant commitments not recognized at June 30, 2008.

**THE LAKELAND FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008**

**3. INVESTMENTS**

Investments are recorded at fair value. The historical and fair value at June 30, 2008 and 2007 were as follows:

	<u>2008</u>		<u>2007</u>	
	<u>COST</u>	<u>FAIR VALUE</u>	<u>COST</u>	<u>FAIR VALUE</u>
Corporate Stocks	\$ 5,939	\$ 7,289	\$ 2,997	\$ 3,093
Corporate Bonds	251,622	251,030	198,744	199,263
Municipal Bonds	128,056	128,655	-	-
Agency Bonds	124,554	125,967	248,376	247,991
U.S. Obligations	-	-	49,879	49,848
Fixed Income				
Mutual Funds	512,503	508,053	475,000	466,919
Equity Mutual Funds	911,024	843,776	817,542	915,703
International Mutual Funds	229,597	217,606	244,679	289,714
Money Market/Cash and Reserves	<u>297,540</u>	<u>297,540</u>	<u>190,274</u>	<u>190,274</u>
	<u>\$ 2,460,835</u>	<u>\$ 2,379,916</u>	<u>\$ 2,227,491</u>	<u>\$ 2,362,805</u>

**4. NET ASSETS**

UNRESTRICTED FUNDS

These funds have no donor-imposed stipulations and the funds are used for general operating purposes deemed necessary by the Board of Directors.

TEMPORARILY RESTRICTED FUNDS

The Foundation has four types of funds which have been designated temporarily restricted. These funds include private and corporate contributions which have been temporarily restricted for these specific purposes. In addition, most fundraising events are also recorded in temporarily restricted. Earnings on investments of this fund are included in the unrestricted fund unless such earnings have been stipulated as temporarily restricted by donors.

Temporarily restricted net assets are available for the following purposes as of June 30, 2008 and 2007. Approximate totals are:

	<u>2008</u>	<u>2007</u>
Scholarships	\$ 535,586	\$ 491,490
Loans (Note 6)	30,174	30,049
Educational & Related Programs	211,352	231,628
Administration/Fundraising	-	<u>7,732</u>
Total Temporarily Restricted Net Assets	<u>\$ 777,112</u>	<u>\$ 760,899</u>

**THE LAKELAND FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008**

**4. NET ASSETS (CONTINUED)**

Net Assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors as follows:

	<u>2008</u>	<u>2007</u>
Scholarships	\$ 317,608	\$ 249,416
Loans (Note 6)	(125)	6,572
Educational & Related Programs	350,567	263,663
Administration/Fundraising	118,824	183,935
Released or Transferred - net	<u>(5,203)</u>	<u>(7,527)</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 781,671</u>	<u>\$ 696,059</u>

**PERMANENTLY RESTRICTED FUNDS**

The Endowment Fund includes contributions restricted in perpetuity or for terms designated by the donor. Earnings on investments of the Endowment Fund are included in the Endowment Fund (Quasi Endowment). However, the earnings may be used for current purposes of the Foundation.

Endowment activity by type is as follows:

	<u>Permanent Endowment</u>	<u>Quasi Endowment</u>	<u>Total</u>
Balance July 1, 2007	<u>\$ 1,275,568</u>	<u>\$ 512,760</u>	<u>\$ 1,788,328</u>
Support and Revenue			
Donations	73,665	(1,093)	72,572
Interest and Dividends	-	47,288	47,288
Realized Gain on Investments	-	81,786	81,786
Unrealized Gain on Investments	-	<u>(218,804)</u>	<u>(218,804)</u>
Total Support and Revenue	<u>73,665</u>	<u>(90,823)</u>	<u>(17,158)</u>
Net Asset Released from Restrictions or by Transfer			
Released or transferred to (from)			
Temporarily Restricted	54,194	(59,397)	( 5,203)
Transferred to Unrestricted	-	<u>(18,606)</u>	<u>(18,606)</u>
Total Net Assets Released from Restrictions or Transferred	<u>54,194</u>	<u>(78,003)</u>	<u>(23,809)</u>
Balance June 30, 2008	<u>\$ 1,403,427</u>	<u>\$ 343,934</u>	<u>\$ 1,747,361</u>

**5. PLEDGES RECEIVABLE**

At June 30, 2008 and 2007, pledges outstanding were \$ 178,850 and \$ 202,826, respectively. The related allowance for uncollected pledges at June 30, 2008 and 2007 are \$ 9,900 and \$ 29,859, respectively.

**THE LAKELAND FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2008**

**5. PLEDGES RECEIVABLE (CONTINUED)**

Unconditional promises to give at June 30, 2008 are as follows:

	<u>2008</u>	<u>2007</u>
Total Unconditional Promises to Give	\$ 178,850	\$ 202,826
Less: Discount to Net Present Value	(11,964)	(15,069)
Less: Allowance for Uncollectible Pledges	<u>(9,900)</u>	<u>(29,859)</u>
Net Unconditional Promises to Give at June 30, 2008	<u>\$ 156,986</u>	<u>\$ 157,898</u>

Discount rates used on long-term promises to give average 6% in 2008.

	<u>2008</u>	<u>2007</u>
Unconditional Pledges to give:		
Unrestricted Amounts Due:		
Less than one year	\$ 37,991	\$ 36,995
One to Five Years	9,978	21,884
Temporarily Restricted Amounts Due:		
Less than one year	90,851	65,031
One to Five Years	9,862	24,593
Permanently Restricted Amounts Due:		
Less than one year	8,304	8,947
One to Five Years	<u>-</u>	<u>448</u>
Total	<u>\$ 156,986</u>	<u>\$ 157,898</u>

**6. LOANS RECEIVABLE**

As of June 30, 2008 and 2007, loans receivable totaled \$ 89,111 and \$ 93,685, respectively. During fiscal year ended June 30, 2008 a total of \$ 2,000 was distributed to qualifying students in a revolving student loan in the C. Schell Loan Program. The loans are interest free and have various repayment terms. During fiscal year ended June 30, 2008, \$ 6,574 had been repaid. The related allowance for uncollectible loans is \$ 76,477 and \$ 76,602 for fiscal years ended June 30, 2008 and June 30, 2007, respectively.

**7. CONTINGENT PLEDGE LIABILITY**

A pledge donation was received in the amount of \$ 125,000 in July, 2003 and remitted in full during June, 2004. Subject to certain conditions, this is ratably recognized as contribution income over a five-year period ending June 30, 2008. If the conditions are not met, the prorated remaining liability balance must be returned to the donor.

**THE LAKELAND FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2008**

**8. RELATED PARTY TRANSACTIONS**

The College made distributions to the Foundation of \$ 142,335 and \$ 157,327 for the years ended June 30, 2008 and 2007, respectively. The Foundation distributed \$ 714,336 and \$ 712,491 for the years ended 2008 and 2007, respectively, to the College. The Foundation also distributed \$ 54,637 and \$ 49,021 in Gifts-in-Kind for the years ended 2008 and 2007, respectively. The Foundation had receivables from the College of \$ 5,898 and \$ 9,995 as of June 30, 2008 and 2007, respectively. The Foundation had payables to the College of \$ 28,265 and \$ 36,343 as of June 30, 2008 and 2007, respectively.



**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Board of Directors of  
The Lakeland Foundation

We have audited the financial statements of The Lakeland Foundation (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 6, 2008. 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 The Lakeland 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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 Foundation'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 Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

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 Foundation'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.

To the Board of Directors of  
The Lakeland Foundation  
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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Lakeland 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 and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "J.R. Lodgrees A.C.", positioned to the right of the text block.

Mentor, Ohio  
October 6, 2008



**Mary Taylor, CPA**  
Auditor of State

**THE LAKELAND FOUNDATION**

**LAKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 9, 2008**