

**NORTH COLLEGE HILL COMMUNITY
IMPROVEMENT CORPORATION
HAMILTON COUNTY
Regular Audit
For the Years Ended December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

Board of Trustees
North College Hill Community Improvement Corporation
1704 West Galbraith Road
North College Hill, Ohio 45239

We have reviewed the *Independent Accountants' Report* of the North College Hill Community Improvement Corporation, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 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 North College Hill Community Improvement Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 29, 2010

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**NORTH COLLEGE HILL COMMUNITY IMPROVEMENT CORPORATION
HAMILTON COUNTY**

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Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

August 16, 2010

North College Hill Community Improvement Corporation
1704 Galbraith Road
Cincinnati, Ohio 45239

To the Board of Trustees:

We have audited the accompanying statement of financial position of the **North College Hill Community Improvement Corporation, Hamilton County, Ohio** (a nonprofit organization), (the Corporation), as of December 31, 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 Corporation'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 the Comptroller General of the United States' *Government Auditing Standards*. 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 North College Hill Community Improvement Corporation, Hamilton County, Ohio, as of December 31, 2009 and 2008, and the changes in its financial position and 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 August 16, 2010 on our consideration of the Corporation'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry & Associates
Certified Public Accountants, A.C.

North College Hill Community Improvement Corporation

*Statements of Financial Position
As of December 31, 2009 and 2008*

| | 2009 | 2008 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 7,945 | \$ 17,084 |
| Accounts Receivable | - | 4,172 |
| Lease Purchase Receivable - Land | 118,961 | 130,000 |
| Lease Purchase Receivable - Building | 583,152 | 602,775 |
| TOTAL ASSETS | <u>\$ 710,058</u> | <u>\$ 754,031</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 375 | \$ 5,500 |
| Current Portion - Loan Payable - City of North College Hill | 18,000 | 31,542 |
| Current Portion - Loan Payable - Park National Bank | 16,525 | 15,510 |
| Total Current Liabilities | <u>34,900</u> | <u>52,552</u> |
| Long-Term Liabilities: | | |
| Loan Payable - City of North College Hill | 92,500 | 110,500 |
| Loan Payable - Park National Bank | 566,627 | 583,152 |
| Deferred Lease Purchase Payment | 7,033 | 7,033 |
| Total Long-Term Liabilities | <u>666,160</u> | <u>700,685</u> |
| TOTAL LIABILITIES | <u>701,060</u> | <u>753,237</u> |
| NET ASSETS | | |
| Unrestricted | <u>8,998</u> | <u>794</u> |
| TOTAL NET ASSETS | <u>8,998</u> | <u>794</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 710,058</u> | <u>\$ 754,031</u> |

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

North College Hill Community Improvement Corporation

Statement of Activities

For the Years Ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---------------------------------------|------------------------|----------------------|
| REVENUE | | |
| Interest Income - Land | \$ 7,784 | \$ 678 |
| Interest Income - Building | 37,492 | 3,078 |
| Management Fees | 500 | 42 |
| | <u>45,776</u> | <u>3,798</u> |
| EXPENSES | | |
| Interest Expense - Park National Bank | 37,492 | 3,078 |
| Bank Service Charges | 55 | 42 |
| Miscellaneous | 25 | - |
| | <u>37,572</u> | <u>3,120</u> |
| CHANGES IN NET ASSETS | 8,204 | 678 |
| NET ASSETS, BEGINNING OF YEAR | <u>794</u> | <u>116</u> |
| NET ASSETS, END OF YEAR | <u><u>\$ 8,998</u></u> | <u><u>\$ 794</u></u> |

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

North College Hill Community Improvement Corporation
Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|----------|-----------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets from Activities | \$ 8,204 | \$ 678 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| (Increase) Decrease in Accounts Receivable | 4,172 | (4,172) |
| Increase (Decrease) in Accounts Payable | (5,125) | 5,500 |
| Increase (Decrease) in Deferred Lease Purchase Payment | - | 7,033 |
| | 7,251 | 9,039 |
| Net Cash Provided (Used) by Operating Activities | 7,251 | 9,039 |
| Cash Flows from Investing Activities: | | |
| Principal Payments Received on Lease Purchase Receivable - Land | 11,039 | - |
| Principal Payments Received on Lease Purchase Receivable - Building | 19,623 | 9,267 |
| Construction and Development Costs - Building | - | (613,699) |
| | 30,662 | (604,432) |
| Net Cash Provided (Used) by Investing Activities | 30,662 | (604,432) |
| Cash Flows from Financing Activities: | | |
| Loan for Construction and Development of Building | - | 613,699 |
| Principal Payments - Land | (19,500) | - |
| Principal Payments - Development Costs | (12,042) | - |
| Principal Payments - Building | (15,510) | (1,338) |
| | (47,052) | 612,361 |
| Net Cash Provided (Used) by Financing Activities | (47,052) | 612,361 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (9,139) | 16,968 |
| Cash and Cash Equivalents at Beginning of Year | 17,084 | 116 |
| Cash and Cash Equivalents at End of Year | \$ 7,945 | \$ 17,084 |

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

North College Hill Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2009 and 2008

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The North College Hill Community Improvement Corporation, Hamilton County (the Corporation), is a nonprofit corporation incorporated in 1975 under authority of Ohio Revised Code Section 1702.01. The Corporation was formed to advance, encourage and promote the industrial, economic, commercial and civic development of the City of North College Hill, and the surrounding area. The Corporation is served by a nine member Board of Trustees composed of community representatives.

The Corporation's management believes the financial statements present all activities for which the Corporation is financially accountable.

B. BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Organization 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. As of December 31, 2009 and 2008, all net assets held by the Corporation are unrestricted.

D. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, all cash in the Corporation's checking account is considered to be cash and cash equivalents. All monies received by the Corporation are deposited in a demand deposit account.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. FEDERAL INCOME TAX

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (6) and Chapters 1702 and 1724 of the Ohio Revised Code.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

The Corporation's deposits at financial institutions are federally insured up to \$250,000. All financial institutions have pledged assets to secure amounts over the FDIC limit. As of December 31, 2009 and 2008, all deposits of the Corporation were collateralized by assets pledged by the financial institutions.

North College Hill Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2008 and 2007

(Continued)

3. DEBT

Debt outstanding at December 31, 2009 and 2008 is as follows:

| Name | Principal Outstanding | | | Principal Outstanding | | | Principal Outstanding | Due within |
|---|-----------------------|-------------------|-----------------|-----------------------|-------------|------------------|-----------------------|------------------|
| | 12/31/07 | Additions | Deductions | 12/31/08 | Additions | Deductions | 12/31/09 | One Year |
| Park National Bank Loan (6.25%) | \$ - | \$ 600,000 | \$ 1,338 | \$ 598,662 | \$ - | \$ 15,510 | \$ 583,152 | \$ 16,525 |
| City of North College Hill Loan (0%) | 142,042 | - | - | 142,042 | - | 31,542 | 110,500 | 18,000 |
| TOTALS | \$ 142,042 | \$ 600,000 | \$ 1,338 | \$ 740,704 | \$ - | \$ 47,052 | \$ 693,652 | \$ 34,525 |

The Corporation entered into a loan agreement with Park National Bank in the amount of \$600,000, for the financing of the construction of an office building located at 1714 West Galbraith Road. The Corporation makes monthly payments of \$4,417, including interest, with a balloon payment of \$512,150 due at the expiration of the loan in November 2013. The loan will be repaid through lease income received from the building occupants.

The Corporation entered into a loan agreement with the City of North College Hill in the amount of \$130,000 for the financing of the land portion of the leased property and \$12,042 to cover costs related to the design and construction of the leased property. The Corporation makes monthly payments of \$1,500, with a balloon payment of \$40,000 due at the expiration of the loan in November 2013. The \$12,042 portion of the loan to cover costs related to the design and construction of the leased property was repaid during the audit period.

Amortization of the above debt, including interest, is as follows:

| Year Ending | Park National | City of North |
|-------------|-------------------|----------------------|
| | Bank Loan | College Hill Loan |
| 2010 | \$ 53,001 | \$ 18,000 |
| 2011 | 53,001 | 18,000 |
| 2012 | 53,001 | 18,000 |
| 2013 | 560,735 | 56,500 |
| Totals | <u>\$ 719,738</u> | <u>\$ 110,500</u> |

4. COMMERCIAL LEASE

The Corporation entered into a 5-year commercial lease agreement with AE/CH Properties, LLC, to occupy the office building at 1714 West Galbraith Road, North College Hill, Ohio. The term of the lease commenced in November 2008, and expires in November 2013. The lease is accounted for as a direct financing lease in conformity with accounting principles generally accepted in the United States of America.

During the period of the lease, the lessee is to pay monthly lease payments of \$5,958, consisting of \$4,417 for the building, \$1,500 for the land, and \$41 for management fees. The lessee may purchase the leased premises at any time within the lease term, and is required to purchase the leased premises by the end of the lease period. The purchase price is the unamortized balance of the building and land obligations at the time of exercise, using an interest rate of 6.25%.

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PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

August 16, 2010

North College Hill Community Improvement Corporation
1704 West Galbraith Road
Cincinnati, Ohio 45239

To the Board of Trustees:

We have audited the financial statements of the **North College Hill Community Improvement Corporation, Hamilton County, Ohio** (a nonprofit organization), (the Corporation), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 16, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in the report that we reported to the Corporation's management in a separate letter dated August 16, 2010.

We intend this report solely for the information and use of the Corporation's management and the Board of Trustees. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.

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Mary Taylor, CPA
Auditor of State

NORTH COLLEGE HILL COMMUNITY IMPROVEMENT CORPORATION

HAMILTON 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 16, 2010**