

**COMMUNITY IMPROVEMENT CORPORATION  
OF ASHLAND OHIO**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Community Improvement Corporation of Ashland, Ohio  
206 Claremont Avenue  
Ashland, Ohio 44805

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Ashland, Ohio, Ashland County, prepared by Frank, Seringer, & Chaney, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 Community Improvement Corporation of Ashland, Ohio is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 20, 2007

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**Frank, Seringer & Chaney, Inc.**

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Officers and Trustees of the  
Community Improvement Corporation of Ashland Ohio  
Ashland, Ohio

We have audited the accompanying statement of financial position of the Ashland County Community Improvement Corporation (a nonprofit organization) as of December 31, 2006 and 2005, 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 audits 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 the 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 Ashland County Community Improvement Corporation as of December 31, 2006 and 2005, 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 July 2, 2007, on our consideration of the Ashland County Community Improvement Corporation's 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.

*Frank Seringer & Chaney, Inc.*

Ashland, Ohio  
July 2, 2007

**COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO**

Statements of Financial Condition  
December 31,

	<u>2006</u>	<u>2005</u>
Assets		
Current assets:		
Cash	\$ 856,366	\$1,129,027
Loans receivable	37,532	88,267
Prepaid insurance	<u>821</u>	<u>835</u>
Total current assets	894,719	1,218,129
Construction in progress	7,357	
Office equipment	<u>2,182</u>	<u>3,492</u>
	<u>9,539</u>	<u>3,492</u>
Total assets	\$ 904,258	\$1,221,621
	=====	=====
Liabilities and net assets		
Current liabilities:		
Accrued expenses	\$ _____	\$ 200,000
Total current liabilities		200,000
Net assets:		
Temporarily restricted	500,000	637,000
Unrestricted	<u>404,258</u>	<u>384,621</u>
Total net assets	<u>904,258</u>	<u>1,021,621</u>
Total liabilities and net assets	\$ 904,258	\$1,221,621
	=====	=====

See notes to financial statements

**COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO**

Statement of Activities  
Year ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Interest	\$ 35,815		\$ 35,815
Donations	1,741		1,741
Dues	1,220		1,220
Net assets released from restrictions	<u>137,000</u>	<u>\$ (137,000)</u>	
	175,776	(137,000)	38,776
Expenses:			
Professional fees	6,097		6,097
Insurance	3,298		3,298
Donations	2,000		2,000
Depreciation	1,310		1,310
Miscellaneous	329		329
Office	75		75
Meetings	<u>1,030</u>		<u>1,030</u>
	<u>14,139</u>		<u>14,139</u>
Other expenses:			
Track rehabilitation	<u>142,000</u>		<u>142,000</u>
	<u>142,000</u>		<u>142,000</u>
Change in net assets	19,637	(137,000)	(117,363)
Net assets – beginning of year	<u>384,621</u>	<u>637,000</u>	<u>1,021,621</u>
Net assets – end of year	<u>\$ 404,258</u>	<u>\$ 500,000</u>	<u>\$ 904,258</u>

See notes to financial statements

## COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

### Statement of Activities Year ended December 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Railroad lease	\$ 36,204		\$ 36,204
Interest	17,072		17,072
Donations	9,000		9,000
Dues	30		30
Net assets released from restrictions	<u>1,077,720</u>	<u>\$(1,077,720)</u>	<u>          </u>
	1,140,026	(1,077,720)	62,306
Expenses:			
Professional fees	10,174		10,174
Interest	3,646		3,646
Insurance	3,309		3,309
Donations	2,000		2,000
Consulting	1,750		1,750
Marketing	1,710		1,710
Depreciation	1,389		1,389
Miscellaneous	552		552
Office	<u>100</u>	<u>          </u>	<u>100</u>
	<u>24,630</u>	<u>          </u>	<u>24,630</u>
Other expenses:			
Loss on sale of railroad property	445,779		445,779
Transfers to governmental agencies	<u>200,000</u>	<u>          </u>	<u>200,000</u>
	<u>645,779</u>	<u>          </u>	<u>645,779</u>
Change in net assets	469,617	(1,077,720)	(608,103)
Net assets – beginning of year	<u>(84,996)</u>	<u>1,714,720</u>	<u>1,629,724</u>
Net assets – end of year	<u>\$ 384,621</u>	<u>\$ 637,000</u>	<u>\$1,021,621</u>

See notes to financial statements



## COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

### Statements of Cash Flows Years ended December 31,

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ (117,363)	\$( 608,103)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,310	1,389
Prepaid insurance	14	
Construction in progress	( 7,357)	
Accrued expenses	( 200,000)	190,000
Shipper advances	<u>                    </u>	<u>( 193,547)</u>
Net cash (used) by operating activities	( 323,396)	( 610,261)
Cash flows from investing activities:		
Repayment of loan principal	50,735	3,665
Sale of property		1,714,720
Increase of loan principal	<u>                    </u>	<u>( 46,932)</u>
Net cash provided by investing activities	<u>50,735</u>	<u>1,671,453</u>
Cash flows from financing activities:		
Repayment of principal indebtedness	<u>                    </u>	<u>( 131,350)</u>
Net cash (used) by financing activities	<u>                    </u>	<u>( 131,350)</u>
Net (decrease) increase in cash	( 272,661)	929,842
Cash, beginning of year	<u>1,129,027</u>	<u>199,185</u>
Cash, end of year	<u>\$ 856,366</u>	<u>\$1,129,027</u>

See notes to financial statements

## COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

Notes to Financial Statements  
December 31, 2006 and 2005

### Note 1 - Summary of significant accounting policies

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and depreciation – The Corporation capitalizes asset purchases having a cost of \$500 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Corporation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2006 or 2005.

Nature of activities – The Corporation is a county wide entity whose purpose is to enhance the industrial base of the county while creating the opportunity for new industry and jobs.

Advertising costs – Advertising costs are charged to operations as incurred.

### Note 2 – Loans Receivable

Low interest loans are funded from Community Development Block Grant money. These funds are administered in agreement with Ashland County and the City of Ashland. Loans are made to qualifying businesses in Ashland County. In the opinion of management, all loans are collectible and no allowance for doubtful accounts is deemed necessary.

### Note 3 – Office equipment

Office equipment is recorded at cost and is being depreciated over the estimated useful lives of the assets using the straight-line method. Accumulated depreciation at December 31, 2006, and 2005 amounted to \$7,066 and \$5,756.

Note 4 – Concentration of credit risk

The Corporation's cash is placed with several institutions with high credit ratings. This investment policy limits the Corporation's exposure to concentrations of credit risk. Currently, the Corporation carries amounts in excess of federally insured limits with a local bank.

Note 5 – Cash flows

For purposes of reporting cash flows, cash includes cash in checking accounts, money market accounts, and savings accounts.

Supplemental cash flows disclosures:

	<u>2006</u>	<u>2005</u>
Cash paid for interest	\$ =====	\$ 3,646 =====

Note 6 – Subsequent events

At the April 2007 board meeting, a motion was passed approving the purchase of a warehouse from a local contractor and to enter into a five year lease agreement with a local manufacturer with an option to purchase at market value at the end of the lease.

Note 7 – Prior period adjustment

During the year it was discovered that certain assets were required to be reclassified in order to meet certain restrictions imposed by the Ohio Department of Transportation and to comply with FAS 117. The effect of the prior period adjustment was to increase temporarily net assets at the beginning of 2005 by \$1,714,720 and to correspondingly decrease unrestricted net assets at the beginning of 2005 by the same amount.

Note 8- Temporarily net assets

Temporarily restricted net assets are available for the following purposes:

	<u>2006</u>	<u>2005</u>
Railway extension and upgrades	\$500,000 =====	\$637,000 =====



**Frank, Seringer & Chaney, Inc.**

Certified Public Accountants

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*

The Board of Trustees  
Community Improvement Corporation of Ashland Ohio

We have audited the financial statements of Community Improvement Corporation of Ashland Ohio as of and for the year ended December 31, 2006, and have issued our report thereon dated July 2, 2007. 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 Community Improvement Corporation of Ashland Ohio's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Ashland Ohio'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

*Frank Seringer & Chaney, Inc.*

Ashland, Ohio  
July 2, 2007



**Mary Taylor, CPA**  
Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO**

**ASHLAND 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  
AUGUST 30, 2007**