COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND

ASHLAND COUNTY

JANUARY 1, 2008 TO DECEMBER 31, 2008

Mary Taylor, CPA
Auditor of State

Board of Trustees
Community Improvement Corporation of Ashland Ohio
206 Claremont
Ashland, Ohio 44805-3055

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Ashland Ohio, Ashland County, prepared by Baker Bowman & Co., for the audit period January 1, 2008 through December 31, 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 Community Improvement Corporation of Ashland Ohio is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 24, 2009

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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, 2008 and 2007, 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 audits.

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, 2008 and 2007, 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 June 17, 2009, 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 audits.

Ashland, Ohio BAKER, BOWMAN & CO.
June 23, 2009

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

Statements of Financial Condition
December 31,

	2008	2007
Assets		
Current assets:		
Cash	$1,059,426	$ 623,986
Loans receivable current portion	169,103	132,890
Prepaid insurance	1,134	821
Total current assets	1,229,663	757,697
Property and equipment:		
Construction in progress	15,000	27,189
Office equipment	9,248	9,248
Land	76,500	76,500
Building	2,235,332	2,235,332
Furniture and fixtures	400,000	400,000
	2,736,080	2,748,269
Less accumulated depreciation	169,054	72,299
	2,567,026	2,675,970
Other assets:		
Accounts receivable	258,534	258,534
Notes receivable, less current portion	462,315	630,391
	720,849	888,925
Total assets	$4,517,538	$4,322,592
	========	========
Liabilities and net assets		
Current liabilities:		
Deposits held in escrow	$ 433,989	
Deferred revenues	176,665	$ 228,372
Current portion of long-term debt	254,158	234,528
Total current liabilities	864,812	462,900
Long-term debt, less current portion	2,558,015	2,805,945
Net assets:		
Temporarily restricted	500,000	500,000
Unrestricted	594,711	553,747
Total net assets	1,094,711	1,053,747
Total liabilities and net assets	$4,517,538	$4,322,592
	========	========

See notes to financial statements

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

Statement of Activities
Year ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Property lease	$ 361,777		$ 361,777
Interest	67,412		67,412
Donations	3,000		3,000
Dues	100		100
	432,289		432,289
Expenses:			
Interest	240,689		240,689
Depreciation	96,755		96,755
Signage project expense	27,189		27,189
Professional fees	16,825		16,825
Bank charges	5,890		5,890
Insurance	3,609		3,609
Meetings	293		293
Office	75		75
	391,325		391,325
Change in net assets	(40,964)		40,964
Net assets – beginning of year	553,747	$ 500,000	1,053,747
Net assets – end of year	$ 594,711	$ 500,000	$1,094,711
	========	=======	========

See notes to financial statements

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

Statement of Activities
Year ended December 31, 2007

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Property lease	$ 330,838		$ 330,838
Interest	64,689		64,689
Dues	1,070		1,070
	396,597		396,597
Expenses:			
Interest	167,651		167,651
Depreciation	65,233		65,233
Professional fees	5,790		5,790
Bank fees	3,972		3,972
Insurance	3,284		3,284
Recording fees	691		691
Miscellaneous	240		240
Meetings	167		167
Office	80		80
	247,108		247,108
Change in net assets	149,489		149,489
Net assets – beginning of year	404,258	500,000	904,258
Net assets – end of year	$ 553,747	$ 500,000	$1,053,747

See notes to financial statements

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND OHIO

Statements of Cash Flows
Years ended December 31,

	2008	2007
Cash flows from operating activities:		
Change in net assets	$ 40,964	$ 149,489
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	96,755	65,233
Prepaid insurance	(313)	
Construction in progress	12,189	(19,832)
Accounts receivable		(258,534)
Deposits held in escrow	433,989	
Deferred revenue		228,372
Net cash provided by operating activities	583,584	164,728
Cash flows from investing activities:		
Repayment of loan principal	131,863	24,251
Purchase of fixed assets		(2,711,832)
Increase of loan principal		(750,000)
Net cash provided (used) by investing activities	131,863	(3,437,581)
Cash flows from financing activities:		
Repayment of principal indebtedness	(280,007)	(86,377)
Proceeds from outside borrowing		3,126,850
Net cash (used) provided by financing activities	(280,007)	3,040,473
Net increase (decrease) in cash	435,440	(232,380)
Cash, beginning of year	623,986	856,366
Cash, end of year	$1,059,426	$ 623,986
	========	========

See notes to financial statements

Notes to Financial Statements
December 31, 2008 and 2007

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 2008 or 2007.

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 – Related-party transactions

During 2008, the Corporation engaged Grindle & Bender, a local surveying firm, to survey the land to move forward with the rail siding project. The Corporation paid Grindle & Bender the sum of $15,000 in 2008. Board member, Lowell Bender, is a partner in Grindle & Bender. At December 31, 2008, all services were performed and the Corporation owed no money to Grindle & Bender.

Note 3 – 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.

The corporation loaned money to Edge Plastics for railway extensions and upgrades. The note requires quarterly payments of $1,425 including interest at 4.75%. The note matures December 2009.	$ 29,364
The corporation loaned money to Novatex North America, Inc. for the purchase of equipment. The note requires monthly payments of $15,342 including interest at 8.25%. The note matures October 2012.	602,054
	631,418
Less current portion	169,103
	$ 462,315
	========

The following is a schedule of the long term maturities for the years ending December 31,

2010	$ 151,025
2011	163,967
2012	147,323
	$ 462,315
	========

Note 4 – Fixed assets

Fixed assets are recorded at cost and are being depreciated over the estimated useful lives of the assets using the straight-line method.

Note 5 – 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 6 – Cash flows

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

Supplemental cash flows disclosures:

	2008	2007
Cash paid for interest	$240,689	$167,651
	=======	=======

Note 7- Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Railway extension and upgrades	$500,000	$500,000
	=======	=======

Note 8 – Notes payable

The corporation purchased furniture and fixtures during the year which were financed by local banks. The note is secured by the furniture and fixtures and requires monthly payments of $8,134 including interest at 8.0%. The note matures April 2012.	$284,314
The corporation purchased land during the year which was financed by the seller. The note is secured by the land and requires monthly payments of $730 including interest at 5.0%. The note matures April 2012.	59,286
The corporation purchased a building during the year which was financed by local banks. The note is secured by the building and requires monthly payments of $14,876 including interest at 8.0%. The note matures April 2012.	1,866,518

The corporation borrowed money to loan to Novatex North America, Inc. for the purchase of equipment, to be permanently funded by the Ohio Department of Development on an Ohio 166 Program Loan. The note is secured by equipment in the name of Novatex North America, Inc. and requires monthly payments of $15,342 including interest at 8.25%. The note matures October 2012.	602,055
	2,812,173
Less current portion	254,158
	$2,558,015
	========

As of December 31, 2008, long term debt matures as follows:

2010	$ 275,438
2011	298,506
2012	1,950,742
2013	33,329
	$2,558,015
	========

Note 9 – Property Lease

In 2007 the Corporation entered into a lease with Novatex North America, Inc. The lease calls for monthly rentals of $24,771 for a five year period ending in April 2012. The lease grants the lessee an exclusive right and option to purchase the property at the end of the lease period. The final lease payment provides for additional rents in the amount of approximately $258,534. The rents due in April 2012 represent deferred revenues and are being realized over the five year period.

Note 10 – Funds held in escrow

In 2008 the Corporation received $433,989 from Hospira, Inc. Those funds are being held in escrow by the Corporation and will be used to pay for the demolition and reclamation of the property located on Fourth Street in Ashland, Ohio. The Corporation will handle the pass-through of funds for Hospira, Inc.

COMMUNITY IMPROVEMENT CORPORATION
OF ASHLAND OHIO

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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, 2008, and have issued our report thereon dated June 23, 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 Community Improvement Corporation of Ashland Ohio'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 Community Improvement Corporation of Ashland Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community Improvement Corporation of Ashland Ohio'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.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a materials 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 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.

BAKER, BOWMAN & CO.

Ashland, Ohio
June 23, 2009

Mary Taylor, CPA
Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND

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
SEPTEMBER 3, 2009

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