URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008-2007

Mary Taylor, CPA
Auditor of State

URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Urbancrest Community Improvement Corporation
Franklin County
3651 Lincoln Street
Urbancrest, Ohio 43213

To the Board of Trustees:

We have audited the accompanying financial statements of Urbancrest Community Improvement Corporation, Franklin County, Ohio (the Corporation), as of and for the years ended December 31, 2008 and December 31, 2007, as listed in the table of contents. 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 reasonably assure 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 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 respective financial position of Urbancrest Community Improvement Corporation, Franklin County, Ohio, as of December 31, 2008 and 2007, and the changes in its financial position 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 January 11, 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 11, 2010

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URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash	$ 250,210	$ 350,919
Investments	7,096	6,828
Property and Equipment, Net of Accumulated Depreciation	57,525	51,375
TOTAL ASSETS	314,831	409,122
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	13,891	5,463
TOTAL LIABILITIES	13,891	5,463
NET ASSETS		
Unrestricted	300,940	403,659
TOTAL LIABILITIES AND NET ASSETS	$ 314,831	$ 409,122

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

URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

CHANGE IN UNRESTRICTED NET ASSETS:	**2008**	**2007**
REVENUE AND OTHER SUPPORT		
Dividend Income	$ 6,988	$ 14,390
Interest Income	268	3,483
Other Income	3,000	-
Total unrestricted revenue and other support	10,256	17,873
EXPENSES		
Program Services		
McPherson Group-Contract Defaulted (Note D)	75,000	34,525
African Footprints Sponsorship	6,000	-
Total program services	81,000	34,525
Supporting Services		
Accounting & Auditing Fees	7,113	4,800
Bank Fees	215	-
Conferences	650	-
Depreciation Expense	2,551	2,103
Equipment Rental	400	-
Filing Fees	500	-
Legal Fees	14,541	5,463
Occupancy Expense	2,417	1,180
Repairs and Maintenance	2,500	-
Supplies	20	48
Travel	1,068	-
Total supporting services	31,975	13,594
Total expenses	112,975	48,119
DECREASE IN NET ASSETS	(102,719)	(30,246)
NET ASSETS, BEGINNING OF YEAR	403,659	433,905
NET ASSETS, END OF YEAR	$ 300,940	$ 403,659

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

URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
DECREASE IN NET ASSETS	$ (102,719)	$ (30,246)
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to reconcile net assets to net cash used by operating activities:		
Depreciation Expense	2,551	2,103
Increase (Decrease) in accounts payable and accrued expenses	8,427	(4,537)
NET CASH USED BY OPERATING ACTIVITIES	(91,741)	(32,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	(8,700)	(9,000)
NET CASH USED BY INVESTING ACTIVITIES	(8,700)	(9,000)
NET DECREASE IN CASH	(100,441)	(41,680)
CASH, BEGINNING OF YEAR	357,747	399,427
CASH, END OF YEAR	$ 257,306	$ 357,747

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

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
Urbancrest Community Improvement Corporation ("the Corporation") was incorporated on June 9, 1998. The corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Urbancrest, Ohio and the surrounding area.

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.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements 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. No temporarily restricted or permanently restricted net assets were held and accordingly, these financials do not reflect any activity related to these classes of net assets. As permitted by this statement, the Corporation does not use fund accounting.

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

Cash and Cash Equivalents
The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Property and Equipment
Acquisitions of property and equipment in excess of $500 are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

During fiscal years 2008 and 2007, the Corporation purchased land and made improvements to the existing building. The purchase price for the assets was $8,700 and $9,000 for the years ended December 31, 2008 and 2007, respectively. In fiscal years 2008 and 2007, $2,551 and $2,103, respectively, of depreciation expense was attributable to the building.

All reported capital assets except land are depreciated. Depreciation is calculated over the following useful life:

Buildings	20 years
Building Improvements	20 years

Income Taxes
The organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and Chapters 1702 and 1724 of the Ohio Revised Code.

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation believes that the fair value of its financial instruments and accounts payable approximate their carrying value.

NOTE C – CONCENTRATIONS OF CREDIT RISK

The Corporation maintains a cash and investments pool. The carrying amount of cash and investments at December 31, 2008 and 2007 was as follows:

	2008	2007
Demand deposits	$ 29,166	$ 61,754
Total deposits	29,166	61,754
Government Money Market Mutual Fund	221,044	289,165
Certificates of deposit	7,096	6,828
Total investments	228,140	295,993
Total deposits and investments	$ 257,306	$ 357,747

Credit Risk: Merrill Lynch Government Money Market Funds carry a rating of AAA by Moody's and AAA by Fitch Ratings, which is the highest ranking.

Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation has no policy for custodial credit risk. Deposits were insured by the Federal Depository Insurance Corporation. Although requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the corporation to a successful claim by the FDIC.

NOTE D – DEFAULTED CONTRACT AND PENDING LITIGATION

In 2007 and 2008, the CIC entered into contracts with a construction/design company named the McPherson Property Group. Contracts entered into covered a master plan, the purchase of a modular structure, rehab work on a building, and HVAC unit replaced in the building. In 2007, the Corporation paid $34,525 which was expensed as Community Improvement project feasibility study and $4,000 which was capitalized as improvements on the building currently owned. In 2008, the Corporation issued additional expenditures in the amounts of $75,000 and $6,100. The only tangible items of value the CIC received in return on these expenditures were rehab work of $4,000 and $6,100 for an HVAC unit. The McPherson Property Group defaulted on these contracts and Mr. McPherson was convicted and sentenced for this and other matters and ordered to pay back the Corporation. However, it is currently undeterminable as to how much or when the CIC may receive any restitution.

NOTE E – RELATED PARTIES

During fiscal year 2008, Urbancrest Community Improvement Corporation paid the nephew of Board member Deborah Jackson $280 for lawn care services for the Corporation.

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

Urbancrest Community Improvement Corporation
Franklin County
3651 Lincoln Street
Urbancrest, Ohio 43213

To the Board of Trustees:

We have audited the financial statements of Urbancrest Community Improvement Corporation, Franklin County, Ohio (the Corporation) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated January 11, 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 expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-005 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding numbers 2008-002 through 2008-005 are also material weaknesses.

We also noted certain internal control matters that we reported to the Corporation's management in a separate letter dated January 11, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated January 11, 2010.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 11, 2010

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2008-001

Support Documentation Maintenance – Noncompliance Finding / Significant Deficiency

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law."

The Corporation expended public funds to various vendors that did not have supporting documentation (i.e. invoices) for 49 percent of the expenditures. Additionally, the Corporation failed to provide cancelled checks for 6% of expenses. The failure to maintain adequate support for expenditures could result in a loss of accountability over the Corporation's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In 2008, the Corporation received $3,000 for a donation towards their sponsorship of the African Footprints program. The Corporation lacked supporting documentation to support the deposit made. The failure to maintain adequate support for receipts could result in a loss of accountability over the Corporation's finances, inhibiting management's ability to identify errors, misstatements, or theft through monitoring, which may allow such items to go undetected.

We recommend the Corporation ensure proper supporting documentation, including check copies or electronic images, invoices, and any other relevant supporting documentation, is retained to evidence all expenditures made. Such documentation should be received and approved by those with appropriate authority prior to expenditure and should be maintained along with the expenditures to evidence the details of the goods or services purchased.

We further recommend the Corporation maintain deposit tickets, detailed as to the makeup of aggregated deposits and matched with the corresponding documentation for the receipts included within the deposit, and supporting documentation including invoices, duplicate receipts, award/donation letters, and any other relevant supporting documentation.

Finding Number	2008-002

Bank Reconciliations – Material Weakness

The Corporation's Treasurer did not prepare monthly bank reconciliations during 2007 and 2008. Bank reconciliations should be performed each month to reconcile the Corporation's accounting ledgers to bank balances.

Failure to perform reconciliations monthly limits management's ability to ensure transactions are properly recorded and may limit the usefulness of financial reports presented to the Board. Furthermore, without performing monthly bank reconciliations, errors or irregularities may occur and go undetected by management.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2008-002 (Continued)

Bank Reconciliations – Material Weakness (Continued)

We recommend the Treasurer perform monthly reconciliations of bank to book balances. Reconciling items should be identified at the time of the reconciliation. Any unreconciled errors should be investigated by comparing transaction-level activity posted to the accounting ledgers with transaction-level activity reflected on the bank statement. In addition, the bank reconciliations, including original bank statements and documentation supporting any reconciling items, should be reviewed and approved by the Board of Trustees.

Finding Number	2008-003

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments have been accounted for in the accompanying December 31, 2007 and December 31, 2008 financial statements:

1. Adjustment to decrease depreciation expense and increase capital assets, net of accumulated depreciation for 2008 and 2007, by $34 and $217 respectively, due to improper categorization and depreciation of assets.
2. Adjustment of $3,000 to present other revenue and program service expenditures associated with the African Footprints sponsorship at gross.
3. Reclassification to present fund specific CD investments as investments instead of cash for 2008 and 2007, by $7,096 and $6,828 respectively.
4. Reclassification of accumulated depreciation for 2008 and 2007, by $6,816 and $4,232 respectively, to present capital assets, net of accumulated depreciation.

We recommend the Board develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Corporation and thereby increasing the reliability of the financial data throughout the year. We also recommend the Corporation implement additional procedures over the completeness and accuracy of financial information reported within the annual report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2008-004

Financial Ledgers – Material Weakness

The Corporation did not maintain accounting ledgers that reflected the financial transactions of the Corporation during 2007 and 2008.

The Corporation should maintain receipt and disbursement ledgers which separately account for the Corporation's individual receipt and disbursement transactions. The Corporation should also maintain a cash journal that identifies the cash balance following each transaction.

Failure to maintain complete and accurate accounting ledgers has compromised management's ability to ensure all transactions are processed and to ensure that no transactions are duplicated. Also management's ability to produce reliable financial information and reconcile to bank balances may be compromised. Furthermore, without maintaining detailed accounting ledgers so that management can identify transactions executed, there may be an increased risk of errors or irregularities occurring and going undetected by management.

We recommend the Corporation implement procedures to generate detailed accounting ledgers which at a minimum should identify each cash receipt, disbursement transaction, and the Corporation's cash balance.

Finding Number	2008-005

Board Monitoring – Material Weakness

There is no evidence the Board of Trustees monitored the Corporation's financial activity throughout 2007 and 2008.

Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the user's expectations. Effective legislative monitoring may help to identify unusual or unexpected account balances or relationships between accounts. Lack of such monitoring may increase the likelihood that possible errors or irregularities may occur and go undetected by management.

We recommend the Board of Trustees review, on a monthly basis, reports of financial activity of the Corporation including detailed revenue and expenditure transactions, cash balance through bank statements, and bank to book reconciliations. The Board should carefully review these reports for any unusual or unexpected financial activity or account balances. Appropriate follow-up should be made regarding any unusual balances or transactions. Evidence of the Board's review and approval of any financial reports should be reflected in the minutes of the Board of Trustees.

We did not receive Official Responses for the findings denoted above

URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	ORC 1724.05- Failure to file the annual report with the Auditor of State's Office	No	Partially corrected - reissued as management letter citation
2006-002	Public Funds Expended without Service Rendered – FFR	Yes	
2006-003	Lack of Support Documentation for Expenditures	No	Not Corrected – Reissued as Finding 2008-001
2006-004	Lack of Support Documentation for Receipts	No	Not Corrected – Reissued as Finding 2008-001
2006--005	Failure to maintain financial ledgers	No	Not Corrected – Reissued as Finding 2008-004
2008-006	No evidence the Board of Trustees monitored the Corporation's financial activity	No	Not Corrected – Reissued as Finding 2008-005
2008-007	Lack of updating Authorized Signatories	No	Partially Corrected – reissued as management letter recommendation
2006-008	Failure to perform monthly reconciliations	No	Not Corrected – Reissued as Finding 2008-002
2006-009	Recommendation for accurate financial reporting	No	Not Corrected – Reissued as Finding 2008-003
2007-010	Recommendation to have complete and accurate minute records	No	Partially Corrected – reissued as management letter recommendation

Mary Taylor, CPA
Auditor of State

URBANCREST COMMUNITY IMPROVEMENT CORPORATION

FRANKLIN 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
MARCH 9, 2010

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