



**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010-2009



Dave Yost • Auditor of State

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Urbancrest Community Improvement Corporation
Franklin County
3651 Lincoln Street
Urbancrest, Ohio 43123

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, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions 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 opinions.

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, 2010 and 2009, 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 October 25, 2011, 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

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Dave Yost
Auditor of State

October 25, 2011

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**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

	2010	2009
ASSETS		
<i>Cash</i>	\$ 198,972	\$ 229,233
<i>Investments</i>	7,321	7,258
<i>Property and Equipment, Net of Accumulated Depreciation</i>	52,642	54,803
TOTAL ASSETS	258,935	291,294
 LIABILITIES AND NET ASSETS		
LIABILITIES		
<i>Accounts Payable</i>	8,230	21,139
<i>Due to Other Governments</i>	1,099	2,221
TOTAL LIABILITIES	9,329	23,360
 NET ASSETS		
<i>Unrestricted</i>	249,606	267,934
TOTAL LIABILITIES AND NET ASSETS	\$ 258,935	\$ 291,294

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, 2010 AND 2009**

CHANGE IN UNRESTRICTED NET ASSETS:	<u>2010</u>	<u>2009</u>
REVENUES		
<i>Grant Receipts</i>	\$ 2,700	\$ -
<i>Interest Income</i>	749	1,320
Total Unrestricted Revenue and Other Support	<u>3,449</u>	<u>1,320</u>
EXPENSES		
Program Services		
<i>Community Garden</i>	<u>2,082</u>	<u>1,130</u>
Total Program Services	2,082	1,130
Supporting Services		
<i>Accounting & Auditing Fees</i>	5,681	12,546
<i>Bank Fees</i>	206	141
<i>Depreciation Expense</i>	2,761	2,722
<i>Filing Fees</i>	100	300
<i>Legal Fees</i>	8,097	11,600
<i>Occupancy Expense</i>	1,955	1,911
<i>Conferences</i>	-	600
<i>Travel</i>	-	1,389
<i>Interest Expense</i>	145	-
<i>Repairs and Maintenance</i>	750	643
<i>Supplies</i>	-	79
<i>Penalties</i>	<u>-</u>	<u>1,265</u>
Total Supporting Services	19,695	33,196
Total Expenses	<u>21,777</u>	<u>34,326</u>
DECREASE IN NET ASSETS	(18,328)	(33,006)
NET ASSETS, BEGINNING OF YEAR	<u>267,934</u>	<u>300,940</u>
NET ASSETS, END OF YEAR	<u><u>\$ 249,606</u></u>	<u><u>\$ 267,934</u></u>

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, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$ (18,328)	\$ (33,006)
<i>Adjustments to reconcile net assets to net cash used by operating activities:</i>		
<i>Depreciation Expense</i>	2,761	2,722
<i>Increase (Decrease) in accounts payable</i>	(12,909)	7,248
<i>Increase (Decrease) in Due from Other Governments</i>	(1,122)	2,221
NET CASH USED BY OPERATING ACTIVITIES	(29,598)	(20,815)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
<i>Purchase of Capital Asset</i>	(600)	-
NET DECREASE IN CASH	(30,198)	(20,815)
CASH, BEGINNING OF YEAR	236,491	257,306
CASH, END OF YEAR	\$ 206,293	\$ 236,491

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

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**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**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

The Corporation has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Corporation 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. Restricted assets, if held, would be spent first.

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 the straight-line method.

In fiscal years 2010 and 2009, \$2,761 and \$2,722, respectively, of depreciation expense was attributable to the building.

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

Buildings	20 years
Building Improvements	20 years
Equipment and Fixtures	10 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.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

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, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 16,325	\$ 7,096
Government Money Market Fund	<u>182,647</u>	<u>222,137</u>
Total deposits	198,972	229,233
Certificates of deposit	7,321	7,258
Total Investments	<u>7,321</u>	<u>7,258</u>
Total deposits and investments	<u>\$ 206,293</u>	<u>\$ 236,491</u>

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.

NOTE D – RELATED PARTIES

During fiscal years 2010 and 2009, Urbancrest Community Improvement Corporation paid a family member of a Board Member \$750 and \$475, respectively, for lawn care services for the Corporation.

NOTE E – PENDING LITIGATION

In 2007 and 2008, the Corporation entered into contracts with a construction/design company named the McPherson Property Group. The McPherson Property Group defaulted on the contracts and Mr. McPherson was convicted and sentenced for this and other matters and ordered to pay restitution to the Corporation. The Corporation has yet to file a civil suit and it is currently undeterminable as to what amount, if any, of restitution the Corporation may receive.



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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 43123

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, 2010 and 2009, and have issued our report thereon dated October 25, 2011. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated October 25, 2011.

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

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Dave Yost
Auditor of State

October 25, 2011

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2010-001
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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, 2010 and December 31, 2009 financial statements:

1. Reclassification of accumulated depreciation as property and equipment, net of accumulated depreciation for \$9,287 for fiscal year 2009 and \$12,008 for fiscal year 2010;
2. Adjustment to increase depreciation expense and beginning net assets for fiscal year 2009 by \$252;
3. Adjustment in fiscal year 2010 to recognize an unrecorded asset and associated depreciation with an increase property and equipment by \$560, increase depreciation expense by \$40, and decrease Community Garden Expense by \$600;
4. Reclassification of dividend income to interest income of \$1,158 for fiscal year 2009 and \$686 for fiscal year 2010;
5. Adjustment to recognize an unrecorded due to other governments liability of \$2,221 with associated penalties expense of \$1,265 and occupancy expense of \$956 for fiscal year 2009;
6. Adjustment to recognize an unrecorded due to other governments liability of \$1,099 and accounts payable liability of \$33 with associated occupancy expense of \$1,132 for fiscal year 2010.

The following difference was immaterial to the overall financial statements of the Corporation and was not posted to the financial statements:

1. Adjustment to recognize unrecorded Interest Income and Cash of \$10 for fiscal year 2010.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

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.

We did not receive an Official's response for the finding reported above.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Lack of support documentation	No	Partially Corrected – reissued as a Management Letter Citation
2008-002	Failure to perform monthly bank reconciliations	Yes	
2008-003	Recommendation for Accurate Financial Reporting	No	Not Corrected – reissued as Finding 2010-001
2008-004	Failure to maintain financial ledgers	Yes	
2008-005	No evidence the Board of Trustees monitored the Corporation's financial activity	No	Partially Corrected – reissued as a Management Letter Recommendation



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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
NOVEMBER 22, 2011**