CENTRAL OHIO COMMUNITY
IMPROVEMENT CORPORATION
FRANKLIN COUNTY

REPORT ON AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Dave Yost · Auditor of State

Board of Directors
Central Ohio Community Improvement Corporation
946 Parsons Ave
P. O. Box 6355
Columbus, Ohio 43206

We have reviewed the *Independent Auditors' Report* of the Central Ohio Community Improvement Corporation, Franklin County, prepared by Parms & Company, LLC, for the audit period January 1, 2011 through December 31, 2011. 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 Central Ohio Community Improvement Corporation is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

July 18, 2012

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CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

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PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Ohio Community Improvement Corporation

We have audited the accompanying statements of net assets of Central Ohio Community Improvement Corporation, Franklin County, Ohio (COCIC) as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of COCIC'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 audits 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 audits provide 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 COCIC as of December 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2012, on our consideration of COCIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Parms & Company, LLC

June 8, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

This discussion and analysis, along with the accompanying financial report, of the Central Ohio Community Improvement Corporation ("COCIC") is designed to provide our Board Members, creditors and other interested parties with a general overview of COCIC and its financial activities.

FINANCIAL HIGHLIGHTS – 2011

The total assets of COCIC at the end of 2011 were $3,983,160, a 1% increase over the end of 2010. The Cash position of COCIC declined from $419,304 at the end of 2010 to $184,521 at the end of 2011 due to purchase of an 11% equity interest, payments on the post closure care liability and accounts payable, as well as an increase in revenue sources from 2010. Accordingly, the investment in joint venture increased by $303,334, landfill closure costs decreased in 2011 by $49,112 and accounts payable decreased $12,425. Operating revenues increased by $59,172 while non-operating revenues increased by $21,399 from 2010.

FINANCIAL HIGHLIGHTS – 2010

The total assets of COCIC at the end of 2010 were $3,923,801, a 1% decrease over the end of 2009. The Cash position of COCIC declined from $881,489 at the end of 2009 to $419,304 at the end of 2010 due to payments of the landfill closure and post closure care liability and accounts payable. Accordingly, landfill closure costs decreased in 2010 by $85,873 and accounts payable decreased $169,417.

NET ASSETS COMPARISON

Table 1 summarizes the Comparison of the Net Assets of COCIC

	2011	2010	2009
Assets			
Current Assets	$ 217,035	461,010	937,226
Total Noncurrent Assets	3,766,125	3,462,791	3,202,659
Total Assets	3,983,160	3,923,801	4,139,885
Liabilities			
Current Liabilities	270,324	270,819	411,229
Long-Term Liabilities	5,590,646	5,513,265	5,610,087
Total Liabilities	5,860,970	5,784,084	6,021,316
Total Net Assets	$ (1,877,810)	(1,860,283)	(1,881,431)

The increase in long-term liabilities was primarily due to a promissory note signed in 2009 whereby COCIC promises to pay a Ohio Air Quality Development Authority Bond issued by Franklin County in the amount of $2,600,000 due to be paid in quarterly installments from 2012 through 2040.

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

Table 2 summarizes the Statements of Revenues, Expenses and Change in Net Assets.

		2011	2010	2009
Operating Revenues				
Total Operating Revenues	$	119,636	60,464	-
Operating Expenses				
Total Operating Expenses		225,116	106,952	249,172
Operating Loss		(105,480)	(46,488)	(249,172)
Total Non-Operating Revenue		100,407	79,008	513,653
Non-Operating Expenses				
Total Non-Operating Expenses		12,454	11,372	357,350
Change in Net Assets		(17,527)	21,148	(92,869)
Net Assets Beginning of Year		(1,860,283)	(1,881,431)	(1,788,562)
Net Assets End of Year	$	(1,877,810)	(1,860,283)	(1,881,431)

Operating expenses decreased in 2010 primarily due to decreases in legal and professional expenses, which were $13,723 and $80,351 in 2010 and 2009, respectively and decreases in insurance costs and closing fees. Operating expenses increased in 2011 primarily due to an increase in economic strategy expenses which totaled $114,131 in 2011 compared to $0 for 2010.

The decrease in Non-Operating Revenue in 2010 was due to a decrease in CORF grant reimbursements, which were $469,774 in 2009. There were no CORF grant revenues in 2010. 2011 Operating Revenue increased due to the addition of service income programs beginning mid-fiscal year for marketing and development purposes.

The increase in Non-Operating Revenue in 2011 was due to an increase in subsidies from the city of Gahanna from $22,148 in 2010 to $107,500 in 2011, which was netted against a $52,666 loss in the partnership equity interest entered into during 2011.

Additionally, the increase in Operating Revenue in 2011 was that COCIC received rental income of $25,000 whereas they received no rental income in 2010 and service income increased by about $34,000 as well.

Non-Operating Expenses in 2009 included a $275,000 settlement cost. There were no additional settlements incurred in 2011 or 2010.

STATEMENTS OF CASH FLOWS

Table 3 summarizes the Cash Flows of COCIC.

		2011	2010	2009
Change in Cash and cash equivalents				
Net Cash Used for Operating Activities	$	(157,261)	(276,313)	(245,144)
Net Cash Provided by Non-Capital Financing Activities		153,073	79,008	424,053
Net Cash Provided (Used for) Capital and Related Financing Activities		125,405	(264,880)	343,783
Net Cash Used for Investing Activities		(356,000)	-	-
Net Change in Cash and Cash Equivalents	$	(234,783)	(462,185)	522,692

In 2011, the Cash Flows from Investing Activities resulted from the purchase on an 11% equity interest in a joint venture. The Reconciliation of Operating Loss to Net Cash Used for Operating Activities was achieved mostly by an operating loss and the decrease in landfill liabilities.

In 2010, the Cash Flows from Capital and Related Financing Activities resulted in payment for capital acquisitions. The Reconciliation of Operating Loss to Net Cash Used for Operating Activities was achieved mostly by the decrease in landfill liabilities and decrease in accounts payable.

CAPITAL ASSETS

Table 4 summarizes the Capital Assets of COCIC.

		2011	2010	2009
Land	$	1,031,249	1,031,249	1,031,249
Building		81,400	81,400	81,400
Golf Course Project Cost- Construction		2,350,142	2,350,142	2,090,010
Total Capital Assets	$	3,462,791	3,462,791	3,202,659

DEBT

Table 5 summarizes the long term debt of COCIC.

		2011	2010	2009
Landfill Closure and Post Closure Care	$	2,525,585	2,591,199	2,591,199
Value Recovery Group II - Loan		15,000	-	-
Franklin County		2,600,000	2,600,000	2,600,000
Economic Development Term Loan		200,000	200,000	200,000
Franklin County Growth Fund		410,013	287,152	281,818
Total Debt	$	5,750,598	5,678,351	5,673,017

COCIC increased long term debt from 2010 to 2011 by the net effect of additions via advances for the Value Recovery Group II Loan and Franklin County Growth Fund and reductions for landfill closure and post closure care expenditures incurred.

BUDGET

Pursuant to the Board financial policies, COCIC prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a forecast of revenues and expenditures. COCIC will from time to time adopt budget revisions as necessary but required by law.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Hamilton J. Teaford, Executive Director, Central Ohio Community Improvement Corporation, P.O. Box 6355, Columbus, OH 43206.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF NET ASSETS
AT DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 184,521	$ 419,304
Prepaids and other assets	32,514	41,706
Total Current Assets	217,035	461,010
Noncurrent Assets:		
Capital assets:		
Land	1,031,249	1,031,249
Building	81,400	81,400
Golf Course Project Cost - CIP	2,350,142	2,350,142
Total capital assets	3,462,791	3,462,791
Investment in joint venture	303,334	-
Total Noncurrent Assets	3,766,125	3,462,791
TOTAL ASSETS	**3,983,160**	**3,923,801**
LIABILITIES		
Current Liabilities:		
Accounts Payable	68,815	81,241
Accrued Liabilities	13,854	26,499
Real Estate Taxes Payable	27,703	14,493
Landfill Closure and Post Closure Care Liability- Current Portion	93,540	85,000
Notes Payable- Current Portion	66,412	17,156
Total Current Liabilities	270,324	224,389
Long-Term Liabilities		
Landfill Closure and Post Closure Care Liability	2,432,045	2,489,698
Notes Payable- Non Current Portion	3,158,601	3,069,997
Total Long-Term Liabilities	5,590,646	5,559,695
TOTAL LIABILITIES	**5,860,970**	**5,784,084**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	541,112	375,639
Unrestricted	(2,418,922)	(2,235,922)
TOTAL NET ASSETS	**$ (1,877,810)**	**$ (1,860,283)**

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Operating Revenues		
Service Income	$ 94,636	$ 60,464
Rent Income	25,000	-
Total Operating Revenues	119,636	60,464
Operating Expenses		
Consulting Expense	36,000	40,366
Bank Charges	40	175
Economic Strategy Expense	114,131	-
Insurance Expense	22,749	27,211
Legal and Professional Expense	21,894	13,723
Maintenance and Repairs Expense	5,525	1,575
Meeting Expense	160	-
Utilities Expense	6,064	7,508
Office Expenses	230	269
Postage and Freight Expense	154	204
Real Estate Taxes Expense	18,140	13,758
Other Expense	29	840
Bedford Expenses	-	1,323
Total Operating Expenses	225,116	106,952
Operating Loss	**(105,480)**	**(46,488)**
Non-Operating Revenue		
Loss on Investment	(52,666)	-
Commissions	-	51,761
Subsidies	107,500	22,148
Interest	541	698
Other Income	45,032	4,401
Total Non-Operating Revenue	100,407	79,008
Non-Operating Expenses		
Interest	12,454	11,372
Total Non-Operating Expenses	12,454	11,372
Change in Net Assets	**(17,527)**	**21,148**
Net Assets (Deficit) Beginning of Year	**(1,860,283)**	**(1,881,431)**
Net Assets (Deficit) End of Year	**$ (1,877,810)**	**$ (1,860,283)**

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Service Income	$ 94,636	$ 60,464
Rental Proceeds and Fees	25,000	-
Consulting	(36,000)	(45,658)
Bank Charges	(40)	(175)
Economic Strategy Expense	(126,557)	-
Insurance Expense	(13,557)	(69,251)
Legal and Professional Expense	(21,894)	(117,675)
Maintenance and Repairs Expense	(5,525)	(1,575)
Meeting Expense	(160)	-
Settlement Costs	(12,645)	-
Utilities Expense	(6,064)	(7,959)
Office Expenses	(230)	(269)
Postage and Freight Expense	(154)	(7,508)
Real Estate Taxes Expense	(4,930)	(4,493)
Bedford Expenses	-	(7,499)
Landfill Closure Expense	(49,112)	(56,355)
Other Operating Payments	(29)	(18,360)
Net Cash Used for Operating Activities	(157,261)	(276,313)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Subsidies	107,500	22,148
Commissions	-	51,761
Interest	541	698
Other Income	45,032	4,401
Net Cash Provided by Non-Capital Financing Activities	153,073	79,008
Cash Flows from Capital and Related Financing Activities		
Payment for Capital Acquisitions	-	(250,204)
Principle Paid on Debt	(17,141)	(3,304)
Proceeds from Notes Payable	155,000	-
Interest Paid on Capital Related Debt	(12,454)	(11,372)
Net Cash Provided By/(Used In) Capital and Related Financing Activities	125,405	(264,880)
Cash Flows from Investing Activities		
Purchase of Investment	(356,000)	-
Net Cash Used in Investing Activities	(356,000)	-
Net Change in Cash and Cash Equivalents	**(234,783)**	**(462,185)**
Cash and Cash Equivalents Beginning of Year	**419,304**	**881,489**
Cash and Cash Equivalents End of Year	**$ 184,521**	**$ 419,304**

See accompanying notes to the basic financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

	2011	2010
Operating Loss	$ (105,480)	$ (46,488)
(Increase) decrease in assets:		
Prepaid items	9,191	14,031
Increase (decrease) in liabilities:		
RE Taxes Payable	13,209	11,434
Accounts Payable	(12,425)	(169,417)
Accrued liabilities	(12,644)	-
Landfill Closure and Post Closure Care Liability	(49,112)	(85,873)
Net Cash Used for Operating Activities	**$ (157,261)**	**$ (276,313)**

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

The Central Ohio Community Improvement Corporation (COCIC) is a nonprofit corporation established on May 9, 2005 pursuant to Ohio Revised Code Chapter 1724 to assist in economic development of nonproductive and distressed properties in Franklin County. A nine member Board of Directors has been established for oversight of the operations. The COCIC's management believes the financial statements present all activities for which the COCIC is financially accountable.

Reporting Entity
The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of COCIC are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from COCIC. For COCIC, there are no other boards and agencies other than COCIC. Component units are legally separate organizations for which COCIC is financially accountable. COCIC is financially accountable for an organization if COCIC appoints a voting majority of the organization's governing board and (1) COCIC is able to significantly influence the programs or services performed or provided by the organization; or (2) COCIC is legally entitled to or can otherwise access the organization's resources; COCIC is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or COCIC is obligated for the debt of the organization. Component units may also include organizations for which COCIC approves the budget, the issuance of debt or levying of taxes. The Poindexter Community Renaissance LLC is a blended component unit of COCIC. COCIC's Board is the same as the Poindexter Community Renaissance LLC Board. The Poindexter Community Renaissance LLC had no financial activity during 2011 and 2010.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of COCIC have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The COCIC also applies all FASB pronouncements issued on or before November 30, 1989 provided they do not conflict with or contradict GASB pronouncements. The more significant of COCIC's accounting policies are described below.

Basis of Presentation
COCIC's financial statements consist of the statement of net assets, statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

COCIC uses enterprise accounting to maintain its financial records during the year. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise accounting is used to account for any activity for which a fee is charged to external users for goods or services.

Measurement Focus and Basis of Accounting
COCIC's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of net assets. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. COCIC uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Cash and Cash Equivalents
Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond the current fiscal year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Deposits
Payments made as earnest deposits on the acquisition of property are recorded as deposits until the property closing at which time they are included in the acquisition price of the capital asset.

Capital Assets
Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. COCIC has not established a capitalization threshold and currently owns no depreciable assets.

Accrued Liabilities and Notes Long-Term Obligations
All payables and other accrued liabilities are reported on the statement of net assets.

Capitalization of Land Development Costs
Land and development costs are generally capitalized at the time development begins based on actual costs incurred.

Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the COCIC. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the COCIC. All revenues and expenses not meeting this definition are reported as non-operating.

Capital Contributions
Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Income Taxes
COCIC is formed as a nonprofit organization and has been determined by the IRS as exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

Reclassifications
COCIC has made certain reclassifications to the prior-year financial statements in order to conform to current-year presentation. These reclassifications had no effect on net assets or change in net assets.

NOTE 3 - CASH

The COCIC maintains its cash balance in checking accounts. At December 31, 2011 and 2010, the COCIC's carrying values of cash were $184,521 and $419,304, respectively. At December 31, 2011 and 2010, the COCIC's bank balances, which were held by three different financial institutions, were $184,521 and $419,304, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, of the December 31, 2011 and 2010 bank balances, $18,618 and $0, respectively was exposed to custodial credit risk as discussed below, while $250,000 per bank was covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk: is the risk that in the event of bank failure, the COCIC's deposits may not be returned. The COCIC has no policy regarding custodial credit risk. In addition, state law does not require security for public deposits and investments to be maintained in the COCIC's name.

NOTE 4 – INVESTMENTS

The fair value of investments as of December 31, 2011 and 2010, are summarized as follows:

	2011	2010
Investment in Joint Venture	$ 303,334	$ -

In March 2011, COCIC entered into an agreement with Depot Golf Center, LLC to place $356,000 on deposit for Depot Golf Center's construction of the clubhouse. In return, COCIC obtained an 11% equity interest in Depot Golf Center. COCIC would classify this as a long-term asset given its nature and intent. As of December 31, 2011, the fair value of this investment in joint venture was $303,334. Total realized and unrealized losses for the year ended December 31, 2011 were $52,666.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2011 and 2010, was as follows:

	01/01/11	Additions	Deductions	12/31/11
Capital assets:				
Land (Landfill)	1,031,249	-	-	1,031,249
Other Land	81,400	-	-	81,400
Projects Costs- Landfill	606,785	-	-	606,785
Golf Course Project Cost- Construction	1,743,357	-	-	1,743,357
Total Capital Assets	3,462,791	-	-	3,462,791

	01/01/10	Additions	Deductions	12/31/10
Capital assets:				
Land (Landfill)	1,031,249	-	-	1,031,249
Other Land	81,400	-	-	81,400
Projects Costs- Landfill	606,785	-	-	606,785
Golf Course Project Cost- Construction	1,483,225	260,132	-	1,743,357
Total Capital Assets	3,202,659	260,132	-	3,462,791

NOTE 6 – TRANSACTIONS WITH OTHER ENTITIES

On June 28, 2007 COCIC entered into a 20 year ground lease with Tartan Fields Golf Club LLC for the purposes of managing the construction of a golf facility and operating the golf facility for a twenty year period. The ground lease was revised in September 2009 with purchase option and terms being changed. A second revision was made in March 2011 with the lease terms and base rent terms being adjusted.

On December 27, 2007, COCIC sold 126.8218 acres to Value Recovery Group II for $403,053 in cash, an assumption by VRG II of outstanding COCIC debts of $7,787.846 and 5% of the net proceeds from VRG's subsequent sale of any of that acreage.

As of December 31, 2011, the book value of the landfill, excluding the related closure and post closure liability is $1,031,249.

NOTE 7 – NOTES PAYABLE

Notes payable for the year ended December 31, 2011 and 2010, are summarized below.

2011	Amount Outstanding 12/31/10	Additions	Deletions	Amount Outstanding 12/31/11	Amounts Due in One Year
Franklin County	2,600,000	-	-	2,600,000	46,429
Development Term Loan	200,000	-	-	200,000	3,571
VRG II Loan	-	15,000	-	15,000	-
FC Growth Fund	287,153	140,000	(17,140)	410,013	16,412
Total Notes Payable	3,087,153	155,000	(17,140)	3,225,013	66,412

2010	Amount Outstanding 12/31/09	Additions	Deletions	Amount Outstanding 12/31/10	Amounts Due in One Year
Franklin County	2,600,000	-	-	2,600,000	-
Development Term Loan	200,000	-	-	200,000	-
FC Growth Fund	281,818	8,639	(3,304)	287,153	17,156
Total Notes Payable	3,081,818	8,639	(3,304)	3,087,153	17,156

In September 2009, COCIC received a loan from the Franklin County Growth Fund of $420,000 for 6 years at 3% with an amortization of 20 years for the construction of a Clubhouse for the Central Park golf course. All $420,000 of that loan has been funded to date plus an additional $8,814 in interest was added to principal. The balance at December 31, 2011, was $410,014.

In December 2009, COCIC paid off its outstanding short term debt to Eaton National Bank in the amount of $1,629,711 in fiscal year 2008 and received additional working capital from the sale of a $2,600,000, 30 year, 0%, Ohio Air Quality Development Authority Bond which was purchased by the Community Improvement Corporation of Gahanna and immediately assigned to Franklin County. $150,000 of the proceeds was deposited in an account at Heartland Bank to secure the repayment of the Bond. COCIC is responsible for the debt service on this Bond.

In the same transaction, COCIC received a loan from Franklin County of $200,000 for working capital, also for 30 years at 0% interest. In April 2011, COCIC signed amendments for both the bond and loan to extend the first payment date to March 2012, thus increasing the maturity date one year to 2040.

On January 1, 2011 COCIC entered into a promissory note agreement in the amount of $125,000 with Value Recovery Group II, LLC. The maturity date for the loan is December 31, 2020. Any amount unpaid as of the due date shall bear interest at the Wall Street Journal Prime Rate. The amount of drawdowns may not exceed the sum of $45,000 through January 31, 2012, $40,000 from February 1, 2012 through December 31, 2012 and $40,000 in 2013. As of December 31, 2011, COCIC had drawn $15,000, of which no payments had been made on.

In a subsequent agreement on February 24, 2012, COCIC agreed to execute a Note memorializing this transaction which provided for repayment on the same terms except that repayment will be 25% of the 5% that COCIC receives from any VRG sales through December 31, 2014 and 50% on sales thereafter.

NOTE 8 – LANDFILL CLOSURE COSTS AND CHANGE IN ESTIMATE

State and federal laws and regulations require COCIC to place a final cover on its Bedford Landfill and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Bedford Landfill was officially closed June 13, 2008. Total expenditures in 2011 and 2010 for this liability were $49,113 and $85,873, respectively. The $2,525,585 and $2,574,698 reported as landfill closure and postclosure care liability at December 31, 2011 and 2010, respectively, represents the remaining estimated cost of closure and postclosure care. The remaining balance of the liability will be obtained from revenue from the sale of methane gas, the lease of the golf facility, including percentage rent from any income earned by Tartan on the course or clubhouse, the 5% payments on the sale of VRG real estate and deed restrictions which provide annual assessments on all property sold by VRG to be paid to COCIC.

COCIC is required by state and federal laws and regulations to maintain a trust to finance closure and postclosure care. Although COCIC did not establish a trust, they performed alternative actions approved by the Ohio EPA Director to satisfy the requirements. The city of Gahanna is required to pay up to $50,000 per year to COCIC to cover any shortfall

NOTE 9 – RISK MANAGEMENT

Commercial Insurance
COCIC has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Environmental Insurance
- Directors and Officers Insurance

NOTE 10 – SETTLEMENT EXPENSES

On January 5, 2007, COCIC entered into a settlement agreement with SBM, Inc. regarding their legal challenge of the landfill foreclosure sale. As of November 4, 2009, the dispute was settled for $275,000. Accordingly, in 2009, COCIC recorded $275,000 in settlement costs. In 2009, COCIC made a $250,000 payment to SBM, Inc. toward the settlement of this liability. Additionally, COCIC agreed to make two $12,500 payments in November 2011 and 2012 including interest at a rate of 5%. As of December 31, 2011, COCIC had a liability balance, inclusive of interest, of $13,854.

NOTE 11 – LEASE-PURCHASE AGREEMENT

In October 2011, COCIC entered into a 20-month flare lease-purchase agreement for operating and maintenance expenses, installation costs, and general rent of the flare system installed. The monthly rental rate is $4,842 for the utility flare system that maintains a purchase price of $77,470. The 20-month lease agreement is effective from the date of shipment. The flare was ultimately shipped in March 2012. As of December 31, 2011, no payments had been made by COCIC in regards to the agreement.

NOTE 12 – CONTINGENT LIABILITIES

Grants

Amounts grantor agencies pay to the COCIC are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow.

NOTE 13 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2011 to determine the need for any adjustments to or disclosures within the audited financial statements for the year ended December 31, 2011. Management has performed this analysis through June 8, 2012, the date the financial statements were available to be issued.

On April 3, the Franklin County Commissioners designated COCIC as the Franklin County land reutilization corporation and dedicated 5% of the Delinquent Tax and Assessment Collection (DTAC) funds to fund those operations. Those funds are distributed in February and July of each year and, based upon past collections is approximately $3.5 million/year. This will allow the funding of the administrative costs out of those funds. In addition, all real estate owned by a land reutilization fund is exempt from real estate taxes, which would include the golf course at Central Park.

NOTE 14 – MANAGEMENT PLAN

COCIC had a deficit in net assets of $1,877,810 at December 31, 2011.

Management of COCIC is confident of its ability to remain a going concern and expects to continue meeting current obligations on an annual basis. Management estimates that annual receipts will be sufficient to cover ongoing obligations as they come due. The sources of receipts include future golf course revenues, methane gas sales, and continued local government support. Management also believes that future land field post closure cost will not require the level of funds that have been initially estimated and approved by Ohio EPA. Accordingly, management will be working in subsequent periods with the Ohio EPA to get the long-term estimate for post closure cost revised downward to more closely reflect current conditions and lower estimates they have received from consulting engineers.

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REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDIT STANDARDS*

To Board of Trustees
Central Ohio Community Improvement Corporation

We have audited the financial statements of the Central Ohio Community Improvement Corporation, Franklin County, Ohio (COCIC) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 COCIC'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 COCIC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of COCIC's internal control over financial reporting.

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 control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses number 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COCIC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non compliance with which could have a direct and material effect on the determination of financial statements 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parms & Company, LLC

June 8, 2012

INTERNAL CONTROL FINDINGS

Findings Reference Number: 2011-1

SIGNIFICANT AUDIT ADJUSTMENTS - MATERIAL WEAKNESS

Criteria

Internal control is a process affected by those charged with governance, management, and other personnel designed to provide reasonable assurance about the achievement of the entity's objectives. These objectives fall into three categories: financial reporting, operations and compliance with laws and regulation.

A key objective of the internal control relates to insuring an effective accounting and financial reporting system exist which would result in the preparation of reliable financial statements.

The Statements on Auditing Standards has determined that the identification by the auditor of a material misstatement in the financial statements for the period under audit that is not initially identified by the entity's internal control represents at least a significant deficiency and possibly a material weakness.

A material weakness is a significant deficiency, or combination of significant deficiencies, that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Condition

We noted that COCIC's internal controls over accounting were not effective enough during 2011 to prevent the need for a significant number of audit adjustments. As a result, COCIC's internal controls were not sufficient enough to prevent the possibility of material errors from occurring during the accounting process.

Cause

The central cause for the accounting and report problems experienced by COCIC is that COCIC does not have a financial expert to oversee the fiscal department. While there could have been other contributing factors, the fiscal department was unable to determine all of the necessary year-end closing adjustments necessary to avoid a significant number of audit adjustments that were disclosed during the audit process.

Effects

The effect of the inadequate controls in the finance department prevented COCIC from avoiding the need to make accounting adjustments during the audit process that resulted in a significant number of material errors or misstatements. Also, it is believed that the current accounting control process is such that material errors could occur and not be detected by COCIC's current accounting procedures.

Recommendation

Management needs to improve its accounting and especially its accounting closing process. Many of the audit adjustments were needed as a result of management not knowing what accounts to analyze or review, prior to completing its accounting process. To help prevent this from occurring in the future, the fiscal office may want to obtain additional accounting support from outside professionals during the accounting and closing process. Management oversight may also need to be increased especially near year-end to help ensure that adequate steps are being taken to mitigate the need for audit adjustments during the audit process.

Management Response

Cash was limited and since Management was aware that the responsibilities of the Corporation would be changing, Management delayed making changes in 2011. Management is now in the process of preparing an RFP which will be sent to accounting firms to engage their services to handle the fiscal matters of the Corporation.

SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2011

Finding Reference Number

2010-1

Finding Summary

Significant Audit Adjustments – Material Weakness

Fully Corrected

No

Explanation

Reissued in finding 2011-1

CENTRAL OHIO 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
JULY 31, 2012