



Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Ashland, Ohio
Ashland County
211 Claremont Ave
Ashland, Ohio 44805

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Ashland, Ohio, Ashland County (the Corporation), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine 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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Ashland, Ohio, Ashland County as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Community Improvement Corporation of Ashland, Ohio, Ashland County (the Corporation), as of and for the year ended December 31, 2011, were audited by a predecessor auditor whose report dated May 25, 2012, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 23, 2013

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

	2012	2011
ASSETS		
Current Assets:		
Cash	\$150,274	\$45,506
Loans receivable current portion	180,770	152,855
Prepaid expenses	2,176	5,363
Accrued interest income		11,146
	333,220	214,870
Property and equipment:		
Land	154,620	154,620
Office equipment	9,248	9,248
Less accumulated depreciation	(9,248)	(9,248)
	154,620	154,620
Other assets:		
Notes receivable, less current portion	28,553	169,741
	Total Assets	\$539,231
	\$516,393	\$539,231
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Mural reimbursement		\$3,786
Net Assets:		
Temporarily restricted		15,000
Unrestricted	\$516,393	520,445
	Total Net Assets	535,445
	\$516,393	\$539,231

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

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Donations		\$5,000	\$5,000
Membership dues	\$2,500		2,500
Interest	12,012		12,012
Total Revenues	<u>14,512</u>	<u>5,000</u>	<u>19,512</u>
Expenses:			
Professional fees	10,845		10,845
US 250 bridge		20,000	20,000
Insurance	3,820		3,820
Real estate taxes	2,923		2,923
Repairs and maintenance	400		400
Bank fees	132		132
Meetings	187		187
Recording fees	257		257
Total Expenses	<u>18,564</u>	<u>20,000</u>	<u>38,564</u>
Total change in net assets	(4,052)	(15,000)	(19,052)
Net Assets - beginning of year	<u>520,445</u>	<u>15,000</u>	<u>535,445</u>
Net Assets - end of year	<u><u>\$516,393</u></u>	<u><u>\$0</u></u>	<u><u>\$516,393</u></u>

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

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Donations	\$164,294	\$15,000	\$179,294
Property lease	73,251		73,251
Grants	46,464		46,464
Restrictions satisfied by payments	22,500	(22,500)	0
Interest	12,300		12,300
Miscellaneous	2,294		2,294
Total Revenues	<u>321,103</u>	<u>(7,500)</u>	<u>313,603</u>
Expenses:			
Professional fees	47,086		47,086
Mural and signage projects	33,000		33,000
Interest	23,587		23,587
Depreciation	9,314		9,314
Insurance	4,506		4,506
Donations	1,500		1,500
Bank fees	568		568
Meetings	558		558
Recording fees	298		298
Total Expenses	<u>120,417</u>	<u>0</u>	<u>120,417</u>
Change in net assets from operations	<u>200,686</u>	<u>(7,500)</u>	<u>193,186</u>
Other Expenses:			
Loss on sale of fixed assets	<u>(601,481)</u>		<u>(601,481)</u>
Total change in net assets	<u>(400,795)</u>	<u>(7,500)</u>	<u>(408,295)</u>
Net Assets - beginning of year	<u>921,240</u>	<u>22,500</u>	<u>943,740</u>
Net Assets - end of year	<u><u>\$520,445</u></u>	<u><u>\$15,000</u></u>	<u><u>\$535,445</u></u>

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

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

**STATEMENT OF CASH FLOWS
DECEMBER 31, 2012 AND 2011**

	2012	2011
Cash flows from operating activities:		
Change in net assets	(\$19,052)	(\$408,295)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		9,314
Prepaid expenses	3,187	(4,407)
Accounts payable reclassification	(3,786)	(41,548)
Donated land		(154,620)
Loss on sale of fixed assets		601,481
Deferred revenue		(73,251)
	(19,651)	(71,326)
Cash flows from investing activities:		
Proceeds from sale of fixed assets		1,800,000
Receipt of loan principal	113,273	314,213
New loans		(307,025)
Accrued investment income	11,146	(11,146)
	124,419	1,796,042
Cash flows from financing activities:		
Repayment of principal indebtedness		(1,850,403)
	104,768	(125,687)
Net increase (decrease) in cash		
Cash, beginning of year	45,506	171,193
Cash, end of year	\$150,274	\$45,506

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

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Community Improvement Corporation of Ashland, Ohio (the Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management.

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 Equipment: 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 the 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.

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" with the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2012 or 2011.

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 B - 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 extended the terms of the money loaned to The Ashland Railway, Inc. for railway extensions and upgrades. The note requires quarterly payments of \$1,425 including interest at 4.75%. The note matures December 2014.

The Corporation financed the Novatex North America, Inc. balloon payment due per the terms of the prior notes. The note required monthly payments of interest only during the first year in the amount of \$1,115 per month. During the second and third years, the note requires monthly payments of \$11,736 including interest at 5%. The note matures February 2014.

The Corporation loaned money to the Small Business Development Center to cover current costs until they received reimbursement from the State of Ohio. The amount outstanding as of December 31, 2012 is \$39,525.

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE B - LOANS RECEIVABLE (Continued)

The following is a schedule of the notes receivable as of December 31, 2012:

The Ashland Railway, Inc.	\$10,522
Novatex North America, Inc.	159,276
Small Business Development Center	<u>39,525</u>
Total Notes Receivable	209,323
Less Current Portion	<u>(180,770)</u>
Long Term Notes Receivable	<u><u>\$28,553</u></u>

NOTE C - CONCENTRATION OF CREDIT RISK

The Corporation's cash is placed in two financial institutions with high credit ratings. This investment policy limits the Corporation's exposure to concentrations of credit risk.

NOTE D – NET ASSETS

Temporarily restricted net assets at December 31, 2011 are available for the following purpose:

Rte 250 and I-71 signage project	\$15,000
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As of December 31, 2012, the above project has been completed and there are no temporarily restricted net assets.

NOTE E – CASH FLOWS

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

Supplemental Cash Flows Disclosure:

	<u>2012</u>	<u>2011</u>
Cash paid for interest	\$0	\$23,587



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

Community Improvement Corporation of Ashland, Ohio
Ashland County
211 Claremont Ave
Ashland, Ohio 44805

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation of Ashland, Ohio, Ashland County, (the Corporation) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 23, 2013, wherein we noted the Corporation's 2011 financial statements were audited by a predecessor auditor.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

August 23, 2013

COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding F-1	The Corporation made changes to a receivable. However, the previous receivable was not relieved and the new note was not set up originally in the financial statements. This resulted in accounts receivable and deferred revenue being overstated, rental income and loss on transfer of fixed asset to be understated, and a notes payable to be unrecorded.	Yes	Finding No Longer Valid.
Finding F-2	The Corporation received a land donation of \$154,620, which was not originally recorded on the financial statements.	Yes	Finding No Longer Valid.

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COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO

ASHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 8, 2013**