



**Auditor of State
Betty Montgomery**

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Financial Position - December 31, 2004	3
Statement of Activities for the Year Ended December 31, 2004	4
Statement of Cash Flows for the Year Ended December 31, 2004.....	5
Statement of Financial Position - December 31, 2003	6
Statement of Activities for the Year Ended December 31, 2003	7
Statement of Cash Flows for the Year Ended December 31, 2003.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings.....	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Cardington Community Improvement Corporation
Morrow County
P.O. Box 31
Cardington, Ohio 43315

To the Board of Trustees:

We have audited the accompanying statements of financial position of the Cardington Community Improvement Corporation, Morrow County, Ohio, (the Corporation) as of December 31, 2004, and December 31, 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cardington Community Improvement Corporation, Morrow County, Ohio, as of December 31, 2004, and December 31, 2003, and the changes in net assets and 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 July 6, 2005, 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 6, 2005

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**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004**

Assets:	
Cash	\$ 423,756
Loans Receivable	67,845
Fixed Assets (less accumulated depreciation)	<u>139,919</u>
Total Assets	<u><u>\$631,520</u></u>
Liabilities and Net Assets:	
Liabilities	-
Unrestricted Net Assets	<u>631,520</u>
Total Liabilities and Net Assets	<u><u>\$ 631,520</u></u>

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

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Revenue:	
Rental Income	\$ 34,957
Loan Interest	5,061
Earnings on Investments	19,610
Membership Dues	<u>65</u>
Total Revenue	<u>59,693</u>
Expenses:	
General	7,069
Contracted Services	4,727
Depreciation	<u>3,602</u>
Total Expenses	<u>15,398</u>
Increase in Unrestricted Net Assets	44,295
Net Assets, Beginning of Year	<u>587,225</u>
Net Assets, End of Year	<u><u>\$ 631,520</u></u>

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

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from rentals	\$34,957
Cash received from loan principal and interest	8,199
Cash received from membership dues	65
Cash payments for goods and services	<u>(12,121)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>31,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investment	<u>19,610</u>
NET INCREASE IN CASH	50,710
CASH, BEGINNING OF YEAR	<u>373,046</u>
CASH, END OF YEAR	<u><u>\$ 423,756</u></u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in net assets	\$ 44,295
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,602
Interest reported as increase in net assets	(19,610)
Decrease in loans receivable	3,138
Decrease in accounts payable	<u>(325)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$31,100</u>

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

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003**

Assets:	
Cash	\$ 373,046
Loans Receivable	70,983
Fixed Assets (less accumulated depreciation)	<u>143,521</u>
Total Assets	<u><u>\$587,550</u></u>
Liabilities and Net Assets:	
Accounts Payable	325
Unrestricted Net Assets	<u>587,225</u>
Total Liabilities and Net Assets	<u><u>\$ 587,550</u></u>

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

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Revenue:	
Rental Income	\$ 37,870
Loan Interest	2,292
Earnings on Investments	1,452
Other Revenue	<u>13,362</u>
Total Revenue	<u>54,976</u>
Expenses:	
General	15,561
Contracted Services	2,665
Depreciation	<u>3,477</u>
Total Expenses	<u>21,703</u>
Increase in Unrestricted Net Assets	33,273
Net Assets, Beginning of Year	<u>553,952</u>
Net Assets, End of Year	<u><u>\$ 587,225</u></u>

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

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from rentals	\$37,870
Cash received from loan principal and interest	4,311
Cash received from other revenues	13,362
Cash payments for goods and services	(17,901)
Cash payment for building improvements	(7,500)
Cash payment for loan made	<u>(40,405)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(10,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investment	<u>1,452</u>
NET INCREASE IN CASH	(8,811)
CASH, BEGINNING OF YEAR	<u>381,857</u>
CASH, END OF YEAR	<u><u>\$ 373,046</u></u>
 RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES	
Increase in net assets	\$ 33,273
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	3,477
Building improvements capitalized, excluded from increase in net assets	(7,500)
Interest reported as increase in net assets	(1,452)
Increase in loans receivable	(38,386)
Increase in accounts payable	<u>325</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(\$10,263)</u></u>

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

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Cardington Community Improvement Corporation (the Corporation), was incorporated in 1964. The Corporation is a nonprofit entity which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cardington, Ohio, and the surrounding area.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

B. 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.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement 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. As of December 31, 2004, and December 31, 2003, net assets are unrestricted.

D. Use of Estimates

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

E. Property

Acquisitions of property in excess of \$500 are capitalized. Land, buildings, and improvements are carried at cost. Depreciation is computed using the straight-line method over a useful life of 50 years for buildings and 30 years for improvements.

F. Income Taxes

The Corporation 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.

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. FIXED ASSETS

A summary of fixed assets at December 31 follows:

	<u>2004</u>	<u>2003</u>
Land and buildings/improvements	\$ 193,026	\$ 193,025
Less: accumulated depreciation	<u>(53,107)</u>	<u>(49,504)</u>
Net fixed assets	<u>\$ 139,919</u>	<u>\$ 143,521</u>

3. FAIR VALUE OF LOANS RECEIVABLE

The Corporation believes that the fair value of its loans receivable approximates their carrying value.

4. RISK MANAGEMENT

Commercial Insurance

The Corporation has obtained comprehensive property and general liability insurance through a private carrier.



**Auditor of State
Betty Montgomery**

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

Cardington Community Improvement Corporation
Morrow County
P.O. Box 31
Cardington, Ohio 43315

To the Board of Trustees:

We have audited the financial statements of the Cardington Community Improvement Corporation, Morrow County, Ohio, (the Corporation) as of and for the years ended December 31, 2004, and December 31, 2003, and have issued our report thereon dated July 6, 2005. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Corporation's management dated July 6, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

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 intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 6, 2005

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Finding Repaid Under Audit – Corporation funds were used by former Treasurer for personal purposes.	Yes	
2002-002	Finding Repaid Under Audit – Former Treasurer deposited Corporation receipt into his personal bank account.	Yes	
2002-003	Federal Tax Reporting – The Corporation did not issue all required Form 1099's.	Yes	
2002-004	Material Weakness – The Corporation did not maintain supporting documentation for expenditures.	Yes	
2002-005	Material Weakness – The Board did not adequately monitor the Corporation's financial activity.	Yes	



**Auditor of State
Betty Montgomery**

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**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2005**