

**COMMUNITY IMPROVEMENT CORPORATION  
OF WILMINGTON**

FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

with

INDEPENDENT AUDITORS' REPORT





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Community Improvement Corporation of Wilmington  
145 N. South Street  
Wilmington, Ohio 45177

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Wilmington, Clinton County, prepared by Wagenseller, Foley, Hollingsworth & Co., for the audit period January 1, 2005 through December 31, 2006. 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 Community Improvement Corporation of Wilmington is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 27, 2007

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### **INDEPENDENT AUDITORS' REPORT**

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**WAGENSELLER, FOLEY, HOLLINGSWORTH & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Community Improvement Corporation of Wilmington  
Wilmington, Ohio 45177

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying statements of financial position of Community Improvement Corporation of Wilmington as of December 31, 2006 and 2005, and the related statements of activities and changes in net assets 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 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 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 Community Improvement Corporation of Wilmington as of December 31, 2006 and 2005, and its activities and 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 April 19, 2005, on our consideration of Community Improvement Corporation of Wilmington internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

*Wagenseller, Foley, Hollingsworth & Co.*

May 7, 2007

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**    Exhibit A  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2006 AND 2005**

ASSETS

	<u>2006</u>	<u>2005</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents (Note 2)	\$ 17,824	\$ 28,311
Certificates of deposit (Note 3)	<u>922,657</u>	<u>1,142,059</u>
Total current assets	<u>940,481</u>	<u>1,170,370</u>
 <b>OTHER ASSETS</b>		
Certificates of deposit (Note 3)	778,428	316,917
Industrial park land and improvements (Notes 4 and 5)	<u>789,929</u>	<u>902,263</u>
	<u>1,568,357</u>	<u>1,219,180</u>
	<u>\$ 2,508,838</u>	<u>\$ 2,389,550</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 382	\$ 336
Accrued payroll and related costs	7,829	5,937
Customer deposits on sale agreements (Note 4)	<u>5,000</u>	<u>5,000</u>
Total current liabilities	<u>13,211</u>	<u>11,273</u>
 <b>NET ASSETS</b>		
Unrestricted Net Assets - Exhibit B	<u>2,495,627</u>	<u>2,378,277</u>
	<u>\$ 2,508,838</u>	<u>\$ 2,389,550</u>

See Notes to Financial Statements

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**      Exhibit B  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>REVENUES:</b>		
Proceeds from the sale of land	\$ 231,464	\$ 410,000
Net rental income	12,768	14,382
Interest income	<u>69,270</u>	<u>43,187</u>
Total revenues received	<u>313,502</u>	<u>467,569</u>
<b>EXPENSES:</b>		
Carrying value of property sold plus transaction costs	75,417	212,485
Executive director's salary	23,000	23,000
Payroll taxes and fringe benefits	5,228	5,330
Community development	63,468	1,780
Insurance	2,917	3,327
Survey costs	5,751	1,601
Professional fees	10,469	8,422
Consultants	2,072	1,040
Real estate taxes	791	1,150
Board meetings	3,821	2,634
Office supplies and postage	660	529
Telephone	79	65
Payroll services	280	103
Travel expenses	624	518
Other	<u>1,575</u>	<u>105</u>
Total expenditures paid	<u>196,152</u>	<u>262,089</u>
<b>CHANGE IN NET ASSETS</b>	117,350	205,480
<b>NET ASSETS - January 1</b>	<u>2,378,277</u>	<u>2,172,797</u>
<b>NET ASSETS - December 31</b>	<u><u>\$ 2,495,627</u></u>	<u><u>\$ 2,378,277</u></u>

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**      Exhibit C  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 117,350	\$ 205,480
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Carrying value of property sold	112,334	204,296
Effects of change in operating assets and liabilities:		
Increase (decrease) in accounts payable	46	( 24)
Increase (decrease) in accrued payroll	1,892	1,448
Net cash provided by operating activities	<u>231,622</u>	<u>411,200</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of certificates of deposit	( 1,402,138)	( 1,017,326)
Proceeds from certificates of deposit	<u>1,160,029</u>	<u>477,911</u>
Net cash used by investing activities	<u>( 242,109)</u>	<u>( 539,415)</u>
 <b>DECREASE IN CASH AND EQUIVALENTS</b>	 ( 10,487)	 ( 128,215)
 <b>CASH AND EQUIVALENTS - January 1</b>	 <u>28,311</u>	 <u>156,526</u>
 <b>CASH AND EQUIVALENTS - December 31</b>	 <u>\$ 17,824</u>	 <u>\$ 28,311</u>

See Notes to Financial Statements

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006 AND 2005**

**1. Summary of Significant Accounting Policies**

This summary of significant accounting policies of Community Improvement Corporation of Wilmington is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, who are responsible for their integrity and objectivity.

*Organization*

The Community Improvement Corporation of Wilmington is a not-for-profit organization exempt from income tax under Section 501(c)(6) of the U. S. Internal Revenue Code. The Corporation was formed to cultivate and promote industrial development in the Wilmington, Ohio area.

*Financial Statement Presentation*

These financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards Number 117 (SFAS 117) *Financial Statements for Not-For-Profit Organizations*. SFAS 117 requires net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions.

All of the Corporation's assets and revenues are unrestricted.

*Use of Estimates in the Preparation of Financial Statements*

In preparing financial statements, management must make estimates and assumptions. These estimates and assumptions affect the amounts reported for assets, liabilities, revenues and expenses, as well as affecting the disclosures provided. Future results could differ from the current estimates.

*Cash and Equivalents*

For purposes of the statement of cash flows, the Corporation considers cash on hand and in demand accounts with a maturity of 90 days or less to be cash.

*Fair Value of Financial Instruments*

The carrying value of time deposits approximates fair market value because of the relatively short maturity of those instruments.

*Industrial Park Land and Improvements*

Industrial park land and improvements held for resale are stated at cost (average cost method) and depreciation is not recognized.

Expenditures for improvements (water lines, streets, utilities, etc.) are capitalized by spreading the cost of the improvements over all of the land remaining in the unsold land inventory at the date of the expenditure.

*Farming Activities*

The Corporation participates with local agricultural producers in farming its tillable undeveloped land under multiple year *cash rent* contracts that are subject to competitive bidding.

**2. Cash and Equivalents**

Cash and equivalents consisted of the following at December 31, 2006 and 2005:

	2006	2005
Interest bearing demand account	\$ 17,824	\$ 28,311
	\$ 17,824	\$ 28,311

See Independent Auditors' Report

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006 AND 2005**

**3. Certificates of deposit**

The following is a summary of time deposits held at December 31, 2006 and 2005:

Financial Institution	Maturity Date	Interest Rate	2006 Amount	2005 Amount
National Bank & Trust Company	April 26, 2006	2.73%	\$ -	\$ 10,323
National Bank & Trust Company	October 11, 2006	3.35%	-	51,387
National Bank & Trust Company	May 18, 2006	3.40%	-	100,000
National Bank & Trust Company	March 24, 2012	4.17%	16,136	15,478
National Bank & Trust Company	March 19, 2006	3.25%	-	100,000
National Bank & Trust Company	June 3, 2006	3.75%	-	75,929
National Bank & Trust Company	June 3, 2006	3.75%	-	75,929
National Bank & Trust Company	October 22, 2006	4.00%	-	40,393
National Bank & Trust Company	November 12, 2006	4.17%	-	30,209
National Bank & Trust Company	November 21, 2006	4.17%	-	15,105
National Bank & Trust Company	May 9, 2007	4.50%	12,585	12,044
National Bank & Trust Company <sup>w</sup>	May 25, 2007	4.50%	-	48,178
National Bank & Trust Company <sup>w</sup>	June 2, 2007	4.50%	32,424	31,000
National Bank & Trust Company <sup>w</sup>	March 20, 2007	4.90%	103,753	-
National Bank & Trust Company	May 18, 2007	5.10%	103,029	-
National Bank & Trust Company	May 30, 2007	5.30%	159,481	-
National Bank & Trust Company	March 1, 2007	5.13%	5,108	-
National Bank & Trust Company	December 13, 2007	5.18%	8,104	-
National Bank & Trust Company	December 29, 2007	5.25%	50,657	-
National Bank & Trust Company	January 11, 2008	5.25%	53,281	-
National Bank & Trust Company	January 23, 2008	5.15%	57,695	-
National Bank & Trust Company	September 13, 2007	5.15%	31,522	-
National Bank & Trust Company	September 21, 2007	5.15%	66,152	-
Wilmington Savings Bank	August 23, 2006	3.00%	-	64,018
Wilmington Savings Bank	September 24, 2006	3.50%	-	130,016
Wilmington Savings Bank	September 27, 2006	3.50%	-	114,882
Wilmington Savings Bank	December 6, 2006	3.05%	-	25,830
Wilmington Savings Bank <sup>y</sup>	January 24, 2007	4.31%	46,468	44,508
Wilmington Savings Bank <sup>y</sup>	February 28, 2007	4.31%	119,658	114,611
Wilmington Savings Bank <sup>y</sup>	June 22, 2007	4.31%	53,349	51,098
Wilmington Savings Bank	February 22, 2006	3.00%	-	57,774
Wilmington Savings Bank	March 25, 2006	3.25%	-	102,543
Wilmington Savings Bank	June 25, 2006	3.75%	-	147,721
Wilmington Savings Bank	February 22, 2007	4.88%	104,273	-
Wilmington Savings Bank	March 25, 2007	5.00%	114,332	-
Wilmington Savings Bank	May 22, 2007	5.12%	51,596	-
Wilmington Savings Bank	June 26, 2007	5.35%	155,241	-
Wilmington Savings Bank	August 23, 2007	5.30%	66,498	-
Wilmington Savings Bank	September 27, 2007	5.30%	263,649	-
Wilmington Savings Bank	December 6, 2007	5.07%	26,094	-
Total carrying value of all certificates			1,701,085	1,458,976
Carrying value of certificates maturing within one year			<u>922,657</u>	<u>1,142,059</u>
Carrying value of certificates maturing after one year			\$ <u>778,428</u>	\$ <u>316,917</u>

<sup>w</sup> Not subject to early withdrawal penalties. <sup>y</sup> Certificates of deposit with variable interest rates.

See Independent Auditors' Report

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006 AND 2005**

**3. Certificates of Deposit (Continued)**

The Corporation's deposits with the National Bank & Trust Company and the Wilmington Savings Bank exceed federally insured limits. The Corporation does not limit the maximum amount that may be invested in any one bank and has not experienced any losses in such accounts.

**4. Sales of Land**

The Corporation sold two tracts of land totaling approximately 36.572 acres to Runway Logistics LLC during March of 2005 for \$325,000. The acquisition will enable Sewell Motor Express to continue to grow over the next few years into its second century of providing motor freight services to local industries.

During June of 2005, the Corporation sold 4.5 acres to Kocher Properties, LLC, for \$80,000. The land will be used for the relocation of Nelson Machine Products into a new 7,200 square foot facility on Olinger Circle.

The owner of Ironwill Enterprises, Inc. purchased an additional 3.817 acres of land during February of 2006 for \$94,425. The land is adjacent to 3.690 acres of land which he purchased from the Corporation in 2004. The sales agreement stipulates that a commercial building must be constructed on the property within two (2) years of the closing date, or at the discretion of the Community Improvement Corporation of Wilmington, Ohio, reconvey the property to the Corporation at the original purchase price.

Two local residents purchased 2.480 acres on Davids Drive in May for \$62,000. The father and son team plan to build a retail automotive sales and service center on the property.

Near the end of September of 2006, the Corporation sold a 2.142 acre tract on Davids Drive to Fred and Patricia Kay. The buyers plan to build an eighty (80) by seventy-five (75) foot facility on the property, which they will lease to Fastenal, a national retail operation.

An agreement to sell approximately 2.12 acres of land fronting on Davids Drive to LGK Development, LLC was completed during July of 2006. The buyers intend to erect a building to be leased by the Federal Government. In January of 2007, LGK Development, LLC notified the Corporation that all of the major contingencies noted in the sale agreement had been cleared and they are willing to close the sale at the parties earliest convenience.

**5. Gifts of Land and Community Support**

The League of Lytle Creek Conservators planed to erect an educational pavilion for the community on the 6.72 acres of wooded stream bank gifted by the Corporation to Wilmington College as part of the Lytle Creek Greenbelt. The board has approved the donation of \$3,000 to the Clinton County Foundation toward the construction of the pavilion, in honor of the past and present presidents of the Community Improvement Corporation of Wilmington, Ohio.

At the Corporation's annual meeting Dr. Daniel Di Biasio, the President of Wilmington College, accepted an unrestricted cash gift of \$25,000 from James Hasler the President of the Community Improvement Corporation of Wilmington, Ohio. Additionally, during July of 2006, the Corporation donated an additional 4.37 acres of land to Wilmington College for inclusion in the Lytle Creek Conservation Area.

The Corporation continues to provide the Wilmington College farms with the unfettered use of approximately 10 acres of farmland at no cost to the college.

During July of 2006, the Corporation donated 1.64 acres of land to the Clinton County Humane Society. The land will be used by the Society to replace their operating facility which was displaced by the extension of Davids Drive from Fife Avenue north to Rombach Avenue.

The Corporation also gifted three (3) parcels of land totaling 1.41 acres to the City of Wilmington in conjunction with the extension of Davids Drive. The extension of Davids Drive provided a much needed alternative route from the southwest of the city to the commercial area on the east side of the city.

**WAGENSELLER, FOLEY, HOLLINGSWORTH & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Community Improvement Corporation of Wilmington  
Wilmington, Ohio 45177

**Independent Auditors' Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of Community Improvement Corporation of Wilmington, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 19, 2005. We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Wilmington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing and opinion of 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Community Improvement Corporation of Wilmington's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and the Executive Director, and is not intended to be and should not be used by anyone other than these specified parties.

*Wagenseller, Foley, Hollingsworth & Co.*

May 7, 2007





**Mary Taylor, CPA**  
Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON**

**CLINTON 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  
DECEMBER 11, 2007**