

Southern Ohio Growth Partnership, Inc. and Affiliates
Scioto County
Regular Audit
For the Year Ended December 31, 2010



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Dave Yost • Auditor of State

Executive Board
Southern Ohio Growth Partnership, Inc. and Affiliates
342 Second Street
P. O. Box 509
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the Southern Ohio Growth Partnership, Inc. and Affiliates, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Southern Ohio Growth Partnership, Inc. and Affiliates is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 4, 2011

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Southern Ohio Growth Partnership, Inc. and Affiliates
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Independent Auditor's Report

Executive Board
Southern Ohio Growth Partnership, Inc. and Affiliates
342 Second Street
Portsmouth, Ohio 45662

We have audited the accompanying statement of financial position of the Southern Ohio Growth Partnership, Inc. and Affiliates, as of and for the year ended December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Southern Ohio Growth Partnership, Inc. and Affiliates' 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 the 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 respective financial position of the Southern Ohio Growth Partnership, Inc. and Affiliates, as of December 31, 2010, and the changes in its net assets and cash flows for the year 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 June 24, 2011, on our consideration of the Southern Ohio Growth Partnership, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 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.

Southern Ohio Growth Partnership, Inc. and Affiliates
Independent Auditor's Report
Page 2

Our audit was conducted for the purpose of forming an opinion on the financial taken as a whole. The accompanying schedule of functional expenses on pages 12-13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

June 24, 2011

Southern Ohio Growth Partnership, Inc. and Affiliates
Consolidated Statement of Financial Position
 December 31, 2010

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Assets	
Current Assets:	
Cash	\$ 400,822
Receivables:	
Accounts	47,579
Loans (Net of Allowance for Doubtful Accounts)	309,828
Prepaid Assets	2,232
Inventory	34,329
Deposits	6,371
Total Current Assets	<u>801,161</u>
Long-Term Loans Receivable	2,956,971
Net Property, Plant & Equipment	<u>1,357,455</u>
Total Assets	<u><u>\$ 5,115,587</u></u>
Liabilities and Net Assets:	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 24,046
Notes Payable	122,030
Capital Leases Payable	11,106
Mortgage Payable	40,722
Sales Tax Payable	836
Total Current Liabilities	<u>198,740</u>
Capital Leases Payable	6,531
Mortgage Payable	309,796
Accrued Interest Payable	7,508
Notes Payable	<u>2,540,012</u>
Total Liabilities	<u>3,062,587</u>
Net Assets	
Unrestricted	1,830,150
Temporarily Restricted	<u>222,850</u>
Total Net Assets	<u>2,053,000</u>
Total Liabilities and Net Assets	<u><u>\$ 5,115,587</u></u>

The accompanying notes are an integral part of these financial statements.

Southern Ohio Growth Partnership, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended December 31, 2010

Changes in Unrestricted Net Assets:	
Unrestricted Revenue:	
Contributions	\$ 51,036
Grants	250,000
Fees	271,520
Dues	79,759
Interest	385
Miscellaneous	<u>108,040</u>
Total Unrestricted Revenue	<u>760,740</u>
Net Assets Released from Program Restrictions:	
Satisfaction of Program Restrictions	<u>335,751</u>
Total Unrestricted Revenue and Other Support	1,096,491
Expenses:	
Greater Portsmouth Growth Corporation	107,316
Portsmouth Area Chamber of Commerce	168,300
Portsmouth Murals	43,842
PMI Building Fund	40,342
Gift Shop	14,840
Leadership Portsmouth	8,215
Intermediary Relending Program IV	24,773
Intermediary Relending Program III	20,937
Intermediary Relending Program II	82,948
Intermediary Relending Program I	66,171
PMI Maintenance Fund	24,908
Rural Business Enterprise Grant	87,657
Rural Business Enterprise Grant II	38,356
Rural Business Enterprise Grant III	14,909
General and Administration Expenses	<u>231,340</u>
Total Expenses before Depreciation	974,854
Depreciation	<u>41,917</u>
Total Expenses	<u>1,016,771</u>
Increase in Unrestricted Net Assets	<u>79,720</u>
Changes in Temporarily Restricted Net Assets	
Interest	133,460
Fees	3,331
Net Assets Released from Restrictions	<u>(335,751)</u>
Increase in Temporarily Restricted Net Assets	<u>(198,960)</u>
Change in Net Assets	<u>(119,240)</u>
Net Assets, Beginning of Year, As Restated	
Unrestricted	1,750,430
Temporarily Restricted	<u>421,810</u>
	2,172,240
Net Assets, End of Year	
Unrestricted	1,830,150
Temporarily Restricted	<u>222,850</u>
Net Assets, End of Year	<u><u>\$ 2,053,000</u></u>

The accompanying notes are an integral part of these financial statements.

Southern Ohio Growth Partnership, Inc. and Affiliates
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows From Operating Activities:	
Change in net assets	\$ (119,240)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	41,917
Decrease in allowance for doubtful accounts	(75,770)
Decrease in accounts receivable	2,960
Decrease in prepaid assets	820
Decrease in deposits	1,926
Increase in inventory	(2,520)
Decrease in sales tax payable	(41)
Increase in accounts payable and accrued expenses	<u>3,887</u>
Net cash used by operating activities	<u>(146,061)</u>
Cash Flows From Investing Activities:	
Payments for capital acquisitions	(6,440)
Principal disbursements on notes receivable	(200,000)
Payments received on notes receivable	<u>601,086</u>
Net cash provided by investing activities	<u>394,646</u>
Cash Flows From Financing Activities:	
Payments on long-term debt	<u>(171,940)</u>
Net cash used by financing activities	<u>(171,940)</u>
Net Increase In Cash	76,645
Cash at January 1, 2010	<u>324,177</u>
Cash at December 31, 2010	<u><u>\$ 400,822</u></u>

The accompanying notes are an integral part of these financial statements.

Southern Ohio Growth Partnership, Inc. and Affiliates
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Southern Ohio Growth Partnership and Affiliates is a private non-profit corporation created in accordance with Section 1702.010et. Seq. of the Ohio Revised Code. The Southern Ohio Growth Partnership, Inc. and Affiliates was created in 1991 to stimulate area-wide economic growth by acting as an integral part of economic development in southern Ohio, and northern Kentucky in the direction and coordination of the activities of area organizations to accomplish a cohesive, non-duplicating effort.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements of the Southern Ohio Growth Partnership Inc. and Affiliates have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. CONSOLIDATION OF RELATED ENTITIES

The Southern Ohio Growth Partnership and Affiliates has adopted the provisions of the American Institute of Certified Public Accountants (AICPA) Statement of Position No. 94-3 (SOP 94-3), *Reporting of Related Entities by Not-for profit Organizations*. SOP 94-3 states that a not-for-profit organization should consolidate another not-for-profit organization if the reporting not-for-profit organization has both the control of the other not for profit organization, as evidenced by either majority ownership or a majority voting interest in the board of the other not-for-profit organization, and an economic interest in the other not-for-profit organization.

A brief description of each of the related entities follow:

Greater Portsmouth Growth Corporation

The Greater Portsmouth Growth Corporation (GPCC) strives to create development in southern Ohio, including developing an industrial land park.

Portsmouth Area Chamber of Commerce

The Portsmouth Area Chamber of Commerce (PACC) was created to promote business in Portsmouth, Ohio and the surrounding areas.

Retail Merchants Association

The Retail Merchants Association (RMA) is a business association organized to promote business in downtown Portsmouth, Ohio.

Portsmouth Murals, Inc.

Portsmouth Murals Inc (PMI) is a business association organized to promote the historic preservation of the Portsmouth area through the painting of murals on various buildings and landmarks inside the city limits.

Southern Ohio Growth Partnership, Inc. and Affiliates
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FINANCIAL STATEMENT PRESENTATION

The Southern Ohio Growth Partnership, Inc. and Affiliates has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting of Contributions Received and Made*, and SFAS No. 117, *Financial Statement for Not-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received and for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

Permanently Restricted Net Assets – The Southern Ohio Growth Partnership, Inc. and Affiliates reports gifts of cash and other assets as permanently restricted support if they are received with donor stipulations that limit the use of the donated assets in perpetuity.

Temporarily Restricted Net Assets - The Southern Ohio Growth Partnership, Inc. and Affiliates reports gifts of cash, grants and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. These net assets may or will be met with actions of the Southern Ohio Growth Partnership and/or the passage of time.

Unrestricted Net Assets - The Southern Ohio Growth Partnership, Inc. and Affiliates reports gifts of cash, land, buildings and equipment as unrestricted unless explicit donor stipulations specify how the donated assets must be used.

E. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Southern Ohio Growth Partnership, Inc. and Affiliates.

F. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

G. PROPERTY, PLANT & EQUIPMENT

Fixed assets acquired for the general use of the Southern Ohio Growth Partnership and Affiliates in providing service are recorded at cost. Depreciation of fixed assets of the Southern Ohio Growth Partnership and Affiliates is calculated utilizing the straight line method. All assets reported in the financial statements are at cost less accumulated depreciation.

Southern Ohio Growth Partnership, Inc. and Affiliates
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. PROPERTY, PLANT & EQUIPMENT (Continued)

The estimated useful lives by major fixed asset class are as follows:

Buildings	40 years
Equipment	5 years
Furniture & Fixtures	5 years

H. INCOME TAXES

The Southern Ohio Growth Partnership and Affiliates, is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. The Southern Ohio Growth Partnership and Affiliates is also exempt from Ohio income tax.

The Greater Portsmouth Growth Corporation is a not-for-profit organization exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. The Portsmouth Area Chamber of Commerce and the Retail Merchants Association are not-for-profit organizations exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and the Portsmouth Murals, Inc. is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. These related organizations are also exempt from Ohio franchise or income tax.

I. REVENUES

Revenues are recognized in the accompanying financial statements as follows:

1. **Grants and Reimbursement Contracts**

The funds from various funding sources under reimbursement contracts are recognized as revenue in the accounting period in which the grant is awarded.

2. **Interest Income**

Interest Income is recognized in the accounting period when it is earned. The Southern Ohio Growth Partnership, Inc. and Affiliates, maintains funds received from the various sources in interest bearing checking accounts. The portion of interest earned on advances of direct federal funds is remitted to the federal funding sources in accordance with OMB Circular A-110, Attachment D, Uniform Administrative Requirements of Grants and Agreements with Nonprofit Organizations. The interest earned on other funds is included in unrestricted funds and is used to support the Southern Ohio Growth Partnership and Affiliates programs.

3. **Contributions**

Private sector contributions are recognized as revenue in the accounting period in which they are earned.

4. **Fees**

Fees for services are recognized as revenue in the accounting period in which they are earned.

5. **Dues**

Dues for memberships in various organizations are recognized as revenue in the accounting period in which they are earned.

Southern Ohio Growth Partnership, Inc. and Affiliates
Notes to the Consolidated Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. REVENUES (Continued)

6. Rental Income

Rental Income received for non-related organizations is recognized as revenue in the accounting period in which it is earned.

J. EXPENSES

Disbursements for goods, services, materials and equipment are recorded as expenses when incurred.

K. CASH AND CASH EQUIVALENTS

Investments with original maturities of three months or less at the time they are purchased by the Southern Ohio Growth Partnership and Affiliates are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

NOTE 2 - CASH

Protection of the Southern Ohio Growth Partnership, Inc. and Affiliates' deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

Cash on Hand At December 31, 2010, the Southern Ohio Growth Partnership, Inc. and Affiliates had \$250 in undeposited cash on hand which is included on the statement of financial position of the Southern Ohio Growth Partnership, Inc. and Affiliates as part of cash.

Deposits At year end, the carrying amount of the Southern Ohio Growth Partnership, Inc. and Affiliate's deposits was \$400,822 and the bank balance was \$425,727, all of which was covered by FDIC.

NOTE 3 - PROPERTY, PLANT & EQUIPMENT

The balance of property and equipment at December 31, 2010, consists of the following:

Buildings	\$1,451,907
Land	70,000
Land Improvements	6,444
Furniture and fixtures	<u>37,834</u>
Total	1,566,185
Accumulated depreciation	<u>(208,730)</u>
Net	<u>\$1,357,455</u>

Southern Ohio Growth Partnership, Inc. and Affiliates
Notes to the Consolidated Financial Statements
 December 31, 2010

NOTE 4 - LOANS RECEIVABLE

The loans receivable balance consists of loans to various local and regional businesses. Interest rates were based on the current rates and risk at the time of the loans ranging from 5% to 11.5%. The loans have various lengths and maturity dates and all loans are collateralized by one or more of the following: business assets, personal assets or personal guarantees of the borrowers. Loans are considered fully collectible unless the borrower files bankruptcy. The changes in the Loans Receivable balances during 2010 are as follows:

Balance at 12/31/09	New Loans During 2010	Principal Paid in 2010	Balance at 12/31/10	*Current Portion
\$3,990,041	\$200,000	\$(601,086)	\$3,588,955	\$631,984

* In 2010 the Partnership's Allowance for Doubtful Accounts with regards to Loans Receivable was \$322,156.

NOTE 5 - NOTES PAYABLE

Notes payable at December 31, 2010 consists of the following:

Note payable to United States Department of Agriculture at 1.0% interest with annual payments of \$42,450 (including interest). The note is secured by a UCC lien on the revolving loan fund.	\$ 622,970
Note payable to United States Department of Agriculture at 1.0% interest with annual payments of \$42,450 (including interest). The note is secured by a UCC lien on the revolving loan fund.	731,031
Note payable to United States Department of Agriculture at 1.0% interest with annual payments of \$31,855 (including interest), starting in 2004. The note is secured by a UCC lien on the revolving loan fund.	600,122
Note payable to United States Department of Agriculture at 1.0% interest with annual payments of \$31,855 (including interest), starting in 2011. The note is secured by a UCC lien on the revolving loan fund.	700,774
Note payable to Oak Hill Banks at 7.00% interest for the next one-year period. Quarterly principal and interest payments of \$14,163.33 beginning January 30, 2006 and continuing quarterly thereafter until the loan is paid in full.	350,518
Note payable to Portsmouth Mural Products at 2.8% interest with annual payments of \$7,343.11 beginning December 31, 2009.	7,145
Lease payable to at 7.81% interest with monthly payments of \$550 (principal and interest). The lease is secured by a copier.	8,250

Southern Ohio Growth Partnership, Inc. and Affiliates
Notes to the Consolidated Financial Statements
 December 31, 2010

NOTE 5 - NOTES PAYABLE (Continued)

Car lease payable to GMAC with monthly payments of \$375.48 for 36 months	9,387
Total	3,030,197
Less current maturities	(173,858)
Long Term Portion	\$2,856,339

The aggregate maturities on long-term debt as of December 31, 2010 are as follows:

2011	\$ 181,001
2012	170,784
2013	168,436
2014	172,839
2015	177,482
Thereafter	2,159,655
	\$ 3,030,197

NOTE 6 - RELATED PARTIES

A Board of Trustee member has part ownership in Portsmouth Insurance Agency which has a loan outstanding with Southern Ohio Growth Partnership, Inc. and Affiliates through the Intermediary Relending Program. In September 2000 and May 2008, Portsmouth Insurance Agency received \$150,000 and \$100,000 notes, respectively, from Southern Ohio Growth Partnership, Inc. and Affiliates. In 2008, Portsmouth Insurance Agency refinanced the 2000 note. The principal balance was paid in the amount of \$54,665 and a new note was issued in the amount of \$44,436. The unpaid balance at December 31, 2010, was \$115,687.

NOTE 7 - CONCENTRATIONS

The Southern Ohio Growth Partnership, Inc. and Affiliates depends on grants from federal, state and local sources for its continued existence.

NOTE 8 – SUBSEQUENT EVENTS

The Southern Ohio Growth Partnership and Affiliates' management has performed an analysis for the activities and transactions subsequent to December 31, 2010 to determine the need for any adjustments or disclosures within the financial statements for the year then ended. Management has performed their analysis through June 24, 2011.

NOTE 9 – RESTATEMENT OF NET ASSETS

The Southern Ohio Growth Partnership, Inc. and Affiliates restated the beginning net assets to correct an error in the property, plant and equipment balance as previously reported. Reclassifications were also made between temporarily and unrestricted net assets to properly reflect the net asset restrictions as previously reported. This restatement and reclassification resulted in the following:

	Unrestricted	Temporarily Restricted	Total Net Assets
Balance As Previously Reported	\$846,154	\$1,357,916	\$2,204,070
Restatement	(31,830)	-	(31,830)
Reclassification	936,106	(936,106)	-
Balance at January 1, 2010	\$1,750,430	\$421,810	\$2,172,240

Southern Ohio Growth Partnership, Inc. and Affiliates
Schedule of Functional Expenses
For the Year Ended December 31, 2010

	Greater Portsmouth Growth Corporation	Portsmouth Area Chamber of Commerce	Portsmouth Murals	PMI Building Fund	Intermediary Relending Program I	Intermediary Relending Program II	Intermediary Relending Program III	Intermediary Relending Program IV	PMI Maintenance Fund
Personnel	\$ 575	\$ 81,103	\$ -	\$ 6,096	\$ -	\$ -	\$ -	\$ -	\$ -
Consultants/Contractual	22,500	9,405	5,431	7,745	15,000	15,000	15,000	15,000	14,650
Travel	-	521	-	-	-	-	-	-	-
Utilities	-	6,113	-	21,042	-	-	-	-	-
Supplies	-	8,463	23	2,115	-	-	-	-	342
Equipment Lease and Maintenance	-	5,254	132	3,137	-	-	-	-	9,916
Promotions/Community functions	-	36,881	6,021	-	-	-	-	-	-
Other	84,241	20,560	32,235	207	51,171	67,948	5,937	9,773	-
Total	\$ 107,316	\$ 168,300	\$ 43,842	\$ 40,342	\$ 66,171	\$ 82,948	\$ 20,937	\$ 24,773	\$ 24,908

Southern Ohio Growth Partnership, Inc. and Affiliates
Schedule of Functional Expenses
For the Year Ended December 31, 2010

	Rural Business Enterprise Grant	Rural Business Enterprise Grant II	Rural Business Enterprise Grant III	Gift Shop	Leadership Portsmouth	Total Programs	General and Administrative	Total Expenses
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,774	\$ 173,868	\$ 261,642
Consultants/Contractual	7,500	7,500	7,500	-	6,982	149,213	31,872	181,085
Travel	-	-	-	-	-	521	6,199	6,720
Utilities	-	-	-	-	-	27,155	2,038	29,193
Supplies	-	-	-	802	-	11,745	2,105	13,850
Equipment Lease and Maintenance	-	-	-	-	-	18,439	1,751	20,190
Promotions/Community functions	-	-	-	-	1,125	44,027	258	44,285
Other	80,157	30,856	7,409	14,038	108	404,640	13,249	417,889
Total	\$ 87,657	\$ 38,356	\$ 14,909	\$ 14,840	\$ 8,215	\$ 743,514	\$ 231,340	\$ 974,854

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Executive Board
Southern Ohio Growth Partnership, Inc. and Affiliates
342 Second Street
Portsmouth, Ohio 45662

We have audited the financial statements of the Southern Ohio Growth Partnership, Inc. and Affiliates, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the Southern Ohio Growth Partnership, Inc and Affiliates' 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 the Southern Ohio Growth Partnership, Inc and Affiliates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Southern Ohio Growth Partnership, Inc and Affiliates' internal control over financial reporting.

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 Southern Ohio Growth Partnership, Inc and Affiliates' financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Ohio Growth Partnership, Inc and Affiliates' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 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*.

Southern Ohio Growth Partnership, Inc. and Affiliates
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

We noted a certain matter that we reported to management of in a separate letter dated June 24, 2011.

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



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

June 24, 2011

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Dave Yost • Auditor of State

SOUTHERN OHIO GROWTH PARTNERSHIP

SCIOTO 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
AUGUST 16, 2011**