

**COMMUNITY IMPROVEMENT CORPORATION  
OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**





# Dave Yost • Auditor of State

Board of Directors  
Community Improvement Corporation of Springfield  
20 S. Limestone Street, Suite 100  
Springfield, Ohio 45502

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Springfield, Clark County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 Springfield is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 8, 2013

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**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2012**

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# **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

Community Improvement Corporation of Springfield - Clark County, Ohio  
20 S. Limestone Street, Suite 100  
Springfield, Ohio 45502

To the Board of Directors:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Community Improvement Corporation of Springfield - Clark County, Ohio, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Springfield - Clark County, Ohio, as of December 31, 2012, and the changes in its net assets and, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013 on our consideration of the Community Improvement Corporation of Springfield - Clark County, Ohio 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* in considering the Community Improvement Corporation of Springfield - Clark County, Ohio's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
May 17, 2013

**Community Improvement Corporation of Springfield - Clark County, Ohio**  
**Statement of Financial Position**  
**As of December 31, 2012**

**ASSETS**

**Current Assets:**

Cash, unrestricted	\$ 23,448
Cash, restricted	121,855
Cash, custodial	47,422
Other receivables	182,955
Prepaid Expenses	5,747
<b>Total Current Assets</b>	<b>381,427</b>

**Property & Equipment:**

Office furniture, equipment, and vehicles	15,290
Less: Accumulated Depreciation	(10,211)
<b>Net Property &amp; Equipment</b>	<b>5,079</b>

**Other Assets:**

Land and land improvements	3,840,294
Capitalized Project Development Cost, at cost	1,104,489
<b>Total Other Assets</b>	<b>4,944,783</b>

**TOTAL ASSETS**

**\$ 5,331,289**

**LIABILITIES & NET ASSETS**

**Current Liabilities:**

Accounts payable	\$ 78,313
Contract retainages	100,000
Line of credit	308,330
Notes payable - current portion	95,317
Custodial assets	38,757
<b>Total Current Liabilities</b>	<b>620,717</b>

**Long-Term Liabilities**

Notes payable - long-term portion	1,618,465
<b>Total Long-Term Liabilities</b>	<b>1,618,465</b>

**Net Assets:**

Temporarily restricted	935,361
Unrestricted	2,156,746
<b>Total Net Assets</b>	<b>3,092,107</b>

**TOTAL LIABILITIES & NET ASSETS**

**\$ 5,331,289**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**Community Improvement Corporation of Springfield - Clark County, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUE:</u></b>			
Local government funding	\$ 213,000	\$ 187,863	\$ 400,863
Grants & contributions	275,775	301,919	577,694
Contract revenue	184,088	151,932	336,020
Interest	62	646	708
Miscellaneous	12,060	20,540	32,600
Net assets released from restriction	2,102,790	(2,102,790)	-
<b>TOTAL REVENUE</b>	<u>2,787,775</u>	<u>(1,439,890)</u>	<u>1,347,885</u>
<b><u>EXPENSES:</u></b>			
Administrative and general operating	489,632	-	489,632
Economic development	290,844	-	290,844
Depreciation	1,904	-	1,904
<b>TOTAL EXPENSES</b>	<u>782,380</u>	<u>-</u>	<u>782,380</u>
Increase/(Decrease) in net assets	2,005,395	(1,439,890)	565,505
Net Assets, beginning of year	<u>151,351</u>	<u>2,375,251</u>	<u>2,526,602</u>
Net Assets, end of year	<u>\$ 2,156,746</u>	<u>\$ 935,361</u>	<u>\$ 3,092,107</u>

**Community Improvement Corporation of Springfield - Clark County, Ohio**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2012**

**Cash Flows from Operating Activities:**

Change in net assets	\$ 565,505
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,904
(Increase) in Accounts Receivable	(122,848)
(Increase) in Prepaid Expenses	(2,000)
(Decrease) in Accounts Payable	(165,629)
(Decrease) in Other Assets	(2,345,706)
Increase in Custodial Assets	2,667
Total Adjustments	<u>(2,631,612)</u>
 Net Cash Used in Operating Activities	 <u>(2,066,107)</u>

**Cash Flows from Investing Activities:**

Purchase of Property and Equipment	<u>(1,539)</u>
 Net Cash Provided by Investing Activities	 <u>(1,539)</u>

**Cash Flows from Financing Activities:**

Proceeds of line of credit	308,330
Proceeds of notes	<u>1,713,782</u>
 Net Cash Provided by Financing Activities	 <u>2,022,112</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (45,534)

Cash & Cash Equivalents at Beginning of Year 238,259

Cash and Cash Equivalents at End of Year \$ 192,725

**Cash Represented By:**

Cash, unrestricted	\$ 23,448
Cash, restricted	121,855
Cash, custodial	47,422
	<u>\$ 192,725</u>

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting principles and practices of the corporation are set forth to facilitate the understanding of data presented in the financial statements.

**A. Organization**

The Community Improvement Corporation of Springfield - Clark County, Ohio (the "Corporation") is a not-for-profit corporation whose purpose is to promote industrial and economic development in the City of Springfield and Clark County, Ohio.

**B. Financial Statement Presentation**

The Corporation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-For-Profit Organizations*. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor or grantor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Corporation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets resulting from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation.

**C. Cash**

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

**D. Capitalized Project Development Cost**

Includes capitalized costs for remaining land and associated expenses at Prime Ohio II. This asset is decreased as land is sold by the related land and development costs. Periodically, costs are reviewed by management for disposal.

**E. Income Taxes**

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code on income arising from normal operations. The Corporation has been liable for income tax on its unrelated business income in excess of related expenses in past years. During the current year, the Corporation has no unrelated business income.

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**G. Property and Depreciation**

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives (five to fifty years) of the respective assets.

**H. Restricted Cash**

Restricted cash accounts are monies held by the Corporation which are restricted for use primarily for retainage held.

**I. Custodial Cash**

The cash accounts reported as custodial cash accounts by the Corporation represent monies held for third-party projects. At December 31, 2012, the funds being held were for the Small Business Development Corporation Revolving Loan Account.

**NOTE 2 - OTHER ASSETS: CAPITALIZED PROJECT DEVELOPMENT COST**

The Corporation continues to explore both existing and new sites for industrial parks as well as sites for green space development. Below summarizes current locations and capitalized costs as of December 31, 2012:

	<u>Total</u>
Prime Ohio II	<u>\$ 1,104,489</u>

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

Net assets in the amount of \$2,102,790 were released from restriction in 2012 as expenses were incurred which satisfied the restricted purposes.

Temporarily restricted net assets at December 31, 2012 represent the results of activities for the following programs that have donor or grantor stipulations:

Prime Ohio II	\$	904,845
Project Apple		21,851
SBDC Loan Program		<u>8,665</u>
Total	\$	<u>935,361</u>

**NOTE 4 - ADMINISTRATIVE EXPENSES**

The Springfield Clark County Chamber of Commerce (the "Chamber") furnishes services to the Corporation. Costs incurred by the Chamber on behalf of the Corporation include salaries and benefits and other related expenses. The Corporation reimbursed the Chamber for these services in the amount of \$307,631 for 2012.

**NOTE 5 - CONCENTRATION OF RISK**

At times throughout the year, the Corporation may have deposits at financial institutions in excess of FDIC limits.

**NOTE 6 - FUNCTIONAL EXPENSES**

The costs of operations incurred by the Corporation are for programs to promote industrial and economic development.

**NOTE 7 - ECONOMIC DEPENDENCY**

The Corporation is dependent upon continued funding from federal, state and local sources to meet its operational expenses.

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 8 - PROPERTY, FACILITIES AND EQUIPMENT**

Capital asset activity for the year ended December 31, 2012 is as follows:

	<u>Balance</u> <u>1/1/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>
<i>Capital Assets Being Depreciated:</i>				
Office Equipment	\$ 5,925	\$ 1,539	\$ -	\$ 7,464
Furniture and Fixtures	<u>7,826</u>	<u>-</u>	<u>-</u>	<u>7,826</u>
<i>Total Capital Assets Being Depreciated</i>	<u>13,751</u>	<u>1,539</u>	<u>-</u>	<u>15,290</u>
<i>Less Accumulated Depreciation:</i>				
Office Equipment	(5,111)	(1,121)	-	(6,232)
Furniture and Fixtures	<u>(3,197)</u>	<u>(783)</u>	<u>-</u>	<u>(3,980)</u>
<i>Total Accumulated Depreciation</i>	<u>(8,308)</u>	<u>(1,904)</u>	<u>-</u>	<u>(10,212)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 5,443</u>	<u>\$ (365)</u>	<u>\$ -</u>	<u>\$ 5,078</u>

**NOTE 9 - NOTES PAYABLE**

As of December 31, 2012, the Corporation had the following outstanding:

	<u>Outstanding</u> <u>Balance</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>
Security National Bank	\$ 1,200,000	2.75%	10/5/17
Harry M. & Violet Turner 95 Charitable Trust Springfield - Clark County	418,465	0.00%	N/A
Chamber of Commerce	95,317	3.00%	N/A
Security National Bank	308,330	Variable	10/5/13

**NOTE 10 - SUBSEQUENT EVENT**

In March of 2013, the Corporation paid back its short-term liability from the Springfield - Clark County Chamber of Commerce.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards***

Community Improvement Corporation of Springfield - Clark County, Ohio  
20 S. Limestone Street, Suite 100  
Springfield, Ohio 45502

To the Board of Directors:

We have audited, in accordance with the 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 Springfield - Clark County, Ohio, as of and for the year ended December 31, 2012 and the related notes to the financial statements, and have issued our report thereon dated May 17, 2013.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Community Improvement Corporation of Springfield - Clark County, Ohio'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 Community Improvement Corporation of Springfield - Clark County, Ohio'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 Community Improvement Corporation of Springfield - Clark County, Ohio'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control. We consider finding 2012-CICOS-001 to be a significant deficiency.

Board of Directors  
Community Improvement Corporation of Springfield - Clark County, Ohio

### **Compliance and Other Matters**

As part of reasonably assuring whether the Community Improvement Corporation of Springfield - Clark County, Ohio'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*.

### **Community Improvement Corporation of Springfield - Clark County, Ohio's Response to Finding**

The Community Improvement Corporation of Springfield - Clark County, Ohio's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Community Improvement Corporation of Springfield - Clark County, Ohio's response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Julian & Grube, Inc.  
May 17, 2013

COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD - CLARK COUNTY, OHIO  
CLARK COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2012-CICOS-001

**Significant Deficiency - Financial Statement Presentation**

It is important that the Corporation maintain effective internal controls over financial reporting. It is important that financial statements be reviewed for accuracy, particularly at year end.

The Corporation had an audit adjustment to its financial statements as follows: Accounts Receivable was increased \$150,000 as well as grants and contributions income. This was related to a grant in which the expenses accrued in 2012; however, the reimbursement was not received until 2013.

The audited financial statements and the client's financial statements have been adjusted.

Improper recognition of grants receivable could distort the Corporation's revenues and its related expenses at year end. This could inhibit management's ability to accurately forecast.

We recommend the Corporation implement additional internal controls to help ensure that the financial statements are accurately reported on a GAAP basis. In particular, subsequent to year end, searches should be performed for both revenues and expenses. This additional internal control will help ensure accurate financial reporting.

*Client Response:* The Corporation continues to work to provide accurate financial statements. This instance is an isolated situation. The Corporation will implement additional year end controls with regards to year end financial reporting and particularly receivables and payable determination.



# Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD**

**CLARK 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 18, 2013**