

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

Financial Statements

December 31, 2006

with

Independent Auditors' Report



Mary Taylor, CPA

Auditor of State

Board of Trustees
Community Improvement Corporation of Springfield and Clark County, Ohio
Springfield, Ohio

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Springfield and Clark County, Ohio, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period September 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 Springfield and Clark County, Ohio is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 29, 2007

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

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditors' Report

Board of Trustees
Community Improvement Corporation of
Springfield and Clark County, Ohio
Springfield, Ohio

We have audited the accompanying statement of financial position of Community Improvement Corporation of Springfield and Clark County, Ohio as of December 31, 2006 and the related statements of activities and changes in net assets, and cash flows for the sixteen month period then ended. These financial statements are the responsibility of Community Improvement Corporation of Springfield and Clark County, Ohio'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 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 financial position of Community Improvement Corporation of Springfield and Clark County, Ohio as of December 31, 2006 and the changes in its net assets and its cash flows for the sixteen month period 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 25, 2007, on our consideration of Community Improvement Corporation of Springfield and Clark County, Ohio'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. 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 the 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.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio

June 25, 2007

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

Statement of Financial Position

December 31, 2006

<u>Assets</u>	
	<u>2006</u>
Current assets:	
Cash	\$ 297,474
Cash, restricted	186,409
Cash, custodial	18,157
Other receivables	43,577
Prepaid expenses	<u>3,079</u>
Total current assets	<u>548,696</u>
Property and equipment:	
Office furniture, equipment, and vehicles	72,424
Less accumulated depreciation	<u>(55,948)</u>
Net property and equipment	<u>16,476</u>
Other assets:	
Investment in capital land lease	942,444
Industrial development park land, at cost	<u>100,308</u>
Total other assets	<u>1,042,752</u>
 Total assets	 \$ <u>1,607,924</u>
<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	\$ 4,850
Deferred revenue	196,261
Other liabilities, custodial accounts	<u>14,945</u>
Total current liabilities	<u>216,056</u>
Noncurrent liabilities:	
Pledges payable	<u>942,444</u>
Total liabilities	<u>1,158,500</u>
Net assets:	
Unrestricted	<u>449,424</u>
 Total liabilities and net assets	 \$ <u>1,607,924</u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
 SPRINGFIELD AND CLARK COUNTY, OHIO**
 Statement of Activities and Change in Net Assets
 Sixteen Months Ended December 31, 2006

	2006
Revenues:	
Gain on sale of property	\$ 270,839
Gain on debt forgiven	43,870
Advance Springfield	43,195
Fees and services	7,488
Interest	23,371
Grant revenues	642,297
Total revenues	1,031,060
Expenses:	
General operating	60,549
Administrative fee for personnel and related expenses	254,447
Depreciation	5,533
Industrial development expenses	446,748
Total expenses	767,277
Change in net assets	263,783
Net assets, beginning of year	185,641
Net assets, end of year	\$ 449,424

See accompanying notes to the financial statements.

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

Statement of Cash Flows
Sixteen Months Ended December 31, 2006

	<u>2006</u>
Cash flows from operating activities:	
Change in net assets	\$ 263,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gain on debt forgiven	(43,870)
Depreciation	5,533
Effects of change in operating assets and liabilities:	
Decrease in other receivables	29,092
Decrease in prepaid expenses	1,913
Decrease in accounts payable	(37,698)
Decrease in deferred revenue	(71,339)
Increase in other liabilities	<u>5,563</u>
 Net cash provided by operating activities	 <u>152,977</u>
 Increase in cash	 <u>152,977</u>
 Cash, beginning of year	 <u>349,063</u>
 Cash, end of year	 \$ <u><u>502,040</u></u>
 Represented by:	
Cash	\$ 297,474
Cash, restricted	186,409
Cash, custodial	<u>18,157</u>
	\$ <u><u>502,040</u></u>

See accompanying notes to the financial statements.

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

Notes to the Financial Statements
December 31, 2006

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.

Organization

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

Financial statement presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements for Not-For-Profit Organizations*. SFAS No. 117 requires net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions.

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.

Industrial development park land

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

Income taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) 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.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Notes to the Financial Statements
December 31, 2006

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 eight years) of the respective assets.

Restricted Cash

Certain cash accounts held by the Corporation are restricted for use in certain capital projects which will occur in the future. See note 9 for additional details.

Custodial Cash

The cash accounts reported as custodial cash accounts by the Corporation represent monies held for third-party projects. At December 31, 2006 the funds being held were for the Small Business Development Corporation Revolving Loan Account.

2. Industrial Development Park Land:

The Corporation continues to explore both existing and new sites for industrial parks. Below summarizes current locations and capitalized costs as of December 31, 2006.

<u>Prime Ohio</u>	<u>Columbus Avenue</u>	<u>Total</u>
<u>\$ 34,416</u>	<u>\$ 65,892</u>	<u>\$ 100,308</u>

In addition, during the sixteen month period ending December 31, 2006, the Corporation sold 1.5 acres of land located at 4505 E. National Road, Springfield, Ohio 45505 for \$270,839. The Corporation acquired the property in a land swap and had no cost basis at the date of the sale.

3. Note Payable:

In prior fiscal periods, the Corporation entered into a non-interest bearing note payable to the City of Springfield. At the beginning of the current period, the amount due on the note payable was \$43,870 which was scheduled to be repaid in January 2009. During the current fiscal period, the City of Springfield forgave the repayment of this note. Accordingly, an amount equal to the debt forgiven has been recognized as revenue in the statement of activities and changes in net assets.

4. Administrative Expenses:

The Springfield Clark County Chamber of Commerce (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 \$254,447 for 2006.

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

Notes to the Financial Statements
December 31, 2006

5. Concentration of Risk:

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

6. Grant Revenues:

The Corporation receives its grant revenue from many sources. The following summarizes grant revenues at December 31, 2006:

<u>Grantor</u>	<u>Amount</u>
City of Springfield	\$ 248,277
Clark County DJFS	75,774
Turner Foundation	<u>318,246</u>
Total	<u>\$ 642,297</u>

Certain grant revenues are for the general operation of the organization.

7. Functional Expenses:

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

8. Economic Dependency:

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

9. Deferred Revenue:

The Corporation received funds for a local match needed in order to secure an Army Corps of Engineering grant for a Prime Ohio Drainage project. The agreements require the local match cannot be spent until the Army Corps of Engineering grant is received. The sources of the funds are as follows:

Springfield Township Board of Trustees	\$ 173,085
Clark County Board of Commissioners	<u>23,176</u>
Total Deferred Revenue	<u>\$ 196,261</u>

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

Notes to the Financial Statements
December 31, 2006

10. Investment in Capital Land Lease/Pledges Payable:

The Corporation has partnered with the Ohio Equine and Agricultural Association to aide in the ground lease of a livestock exhibition facility, parking lots and other improvements commonly known as the Champion Center. The Corporation receives donations in the amount of the monthly payments from the Ohio Equine and Agricultural Association, which it uses to make the lease payments on the two notes for this facility held at Security National Bank. The Corporation promises to donate the unrestricted use of the facility back to the Equine Center upon the satisfaction of the outstanding debt mentioned above. Accordingly, a pledges payable in an amount equal to the investment in capital land lease has been recorded.

Future rental payments associated with the land lease total approximately \$475,000 for 2007 and \$467,000 for 2008.

11. Change of Fiscal Period:

In July 2006, the Board of Trustees of the Corporation voted to change the fiscal year ending date from August 31st to December 31st. The decision was also made to have the audit for the period ending December 31, 2006 cover a sixteen month period.

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

Schedule of General Operating Expenses
Sixteen Months Ended December 31, 2006

	<u>2006</u>
General operating:	
Development and options	\$ 59
Real estate taxes and insurance	3,957
State and national meetings	1,895
Auto expenses	106
Economic development trips	790
Dues and periodicals	3,578
Miscellaneous economic development	3,862
Marketing	20,253
Bank fees	104
Utilities	287
Office expense	1,805
Directors & Officers insurance	8,071
Shared general operating expenses	<u>15,782</u>
	\$ <u>60,549</u>



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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*

Board of Trustees
Community Improvement Corporation of Springfield
and Clark County, Ohio
Springfield, Ohio

We have audited the financial statements of Community Improvement Corporation of Springfield and Clark County, Ohio (the Corporation) as of and for the sixteen month period ended December 31, 2006 and have issued our report thereon dated June 25, 2007. 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 Corporation's 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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Corporation's 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*.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than this specified party.

Clark, Schaefer, Hachett & Co.

Springfield, Ohio
June 25, 2007



Mary Taylor, CPA
Auditor of State

COMMUNITY IMPROVEMENT CORPORATION

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
SEPTEMBER 13, 2007**