



**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007-2008**



**Mary Taylor, CPA**  
Auditor of State



**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Gahanna CIC  
Franklin County  
200 S Hamilton Road, 2<sup>nd</sup> Floor  
Gahanna, Ohio 43230

To the Board of Trustees:

We have audited the accompanying financial statements of the Gahanna Community Improvement Corporation, Franklin County, Ohio (the CIC), as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the CIC'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Gahanna Community Improvement Corporation, Franklin County, Ohio, as of and for the years ended December 31, 2008 and 2007, and the changes in its financial position and its 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 June 26, 2009, on our consideration of the CIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 26, 2009

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**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2008 AND 2007**

	December 31, 2008	December 31, 2007
<b>Assets</b>		
Cash and Cash Equivalents	\$ 63,343	\$ 43,058
Hotel/Motel Tax Receivable	-	33,657
Depreciable Capital Assets, Net	894,802	4,400
Nondepreciable Capital Assets	98,000	-
<i>Total Assets</i>	<u>1,056,145</u>	<u>81,115</u>
<b>Liabilities &amp; Net Assets</b>		
<b>Liabilities</b>		
Mortgage - Yates LLC	773,103	-
Total Liabilities	<u>773,103</u>	-
<b>Net Assets</b>		
Unrestricted	283,042	81,115
Total Net Assets	<u>283,042</u>	<u>81,115</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,056,145</u></u>	<u><u>\$ 81,115</u></u>

See accompanying notes to the basic financial statements

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

<b>Change in Unrestricted Net Assets:</b>	December 31, 2008	December 31, 2007
<b>Revenue and Other Support</b>		
Hotel/Motel Tax	\$ 197,055	\$ 193,045
Interest Income	205	255
Rental Income	24,598	-
Intergovernmental Revenue	200,000	-
<i>Total Unrestricted Revenue and Other Support</i>	421,858	193,300
<b>Expenses</b>		
Program Services		
Grants Paid	186,055	134,150
Total Program Services	186,055	134,150
Supporting Services		
Contract Services	18	-
Facilities and Equipment	28,478	5,100
Operations	90	50
Professional Fees	4,565	-
Travel and Meetings	450	1,194
Other	275	-
Total Supporting Services	33,876	6,344
<i>Total Expenses</i>	219,931	140,494
<i>Increase in Unrestricted Net Assets</i>	201,927	52,806
<i>Net Assets Beginning of Year</i>	81,115	28,309
<i>Net Assets End of Year</i>	\$ 283,042	\$ 81,115

See accompanying notes to the basic financial statements



**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	December 31, 2008	December 31, 2007
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 201,927	\$ 52,806
Increase/(Decrease) in Hotel/Motel Tax Receivable	33,657	(33,657)
Increase in Accumulated Depreciation	4,805	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>240,389</u>	<u>19,149</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Building	(882,002)	-
Land	(98,000)	-
Building Improvements	(13,205)	(4,400)
Principal Payment	(1,897)	-
Proceeds of Mortgage Loan - Yates LLC	775,000	-
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(220,104)</u>	<u>(4,400)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	20,285	14,749
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>43,058</u>	<u>28,309</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 63,343</u>	<u>\$ 43,058</u>

See accompanying notes to the basic financial statements

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**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

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**1. Nature of Business and Summary of Significant Accounting Policies**

Nature of Business

Gahanna Community Improvement Corporation (the Corporation) was incorporated on January 1, 1997. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the City of Gahanna, Ohio and the surrounding area.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Non-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No temporarily restricted and permanently restricted net assets were held and, accordingly, these financial statements do not reflect any activity related to these classes of net assets. As permitted by this statement, the Corporation does not use fund accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2008 and 2007, all cash was held in demand deposits.

Hotel/Motel Tax Receivable

Receivables consist of amounts due from the City of Gahanna for hotel/motel taxes.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 original cost are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed under the straight-line method.

During fiscal year 2008, the Corporation purchased land and a commercial building, part of which is used as office space and the rest of which is rented to other organizations. The purchase price for the assets were \$997,607, which is comprised of \$98,000 of non-depreciable land and \$899,607 of depreciable building and improvements. In fiscal year 2008, \$4,805 of depreciation expense was attributable to the building and improvements.

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Nature of Business and Summary of Significant Accounting Policies (Continued)**

Property and Equipment (Continued)

All reported capital assets, except land, are depreciated. Depreciation is calculated over the following useful life:

Buildings and improvements      39 years

Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6) and Chapters 1702 and 1724 of the Ohio Revised Code.

Concentration of Credit Risk

The Corporation's cash balances are within federally insured levels. The Corporation continually monitors its balances to minimize the risk of loss for these balances.

Rental Income

Rental income is received from tenants leasing space in a commercial building located at 181 Granville Street. Rental income is recognized on a straight line basis over the term of the leases.

**2. Notes Payable**

Notes payable consisted of the following:

	Beginning Balance 1/1/08	Additions	Reductions	Ending Balance 12/31/08
Yates Mortgage	-	775,000	1,897	773,103

Note payable to Yates Development, LLC in one hundred nineteen monthly payments of \$ 5,479 including interest at 7.00% and a final balloon payment of \$ 614,912 due November 1, 2018. The note is collateralized by the land and commercial building.

Future maturities of long-term debt are as follows:

December 31, 2009	\$ 12,020
December 31, 2010	\$ 12,890
December 31, 2011	\$ 13,822
December 31, 2012	\$ 14,672
December 31, 2013	\$ 15,881
December 31, 2014-2018	\$703,817
Total Principal Payments	<u>\$773,103</u>

**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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**3. Operating Leases**

The Corporation leased space from Yates, LLC in October 2007 for a period of one year in order to sublease the space to three organizations within the City. Monthly rental payments owed to Yates were \$2,550. The subleases did not begin until 2008.

The Corporation purchased the entire multi-level building previously leased on October 31, 2008 at 181 Granville Street in which it leases occupancy to multiple tenants. Tenants pay monthly rental fees based on the size of their space, duration of the lease, and whether they need additional storage space. Total rental fees received by the Corporation in 2008 from the eleven tenants were \$24,598.

**4. Risk Management**

The Corporation is subjected to certain types of risk in the performance of its normal functions. They include risks the Corporation might be subjected to by its employees in the performance of their normal duties. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded insurance coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

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# Mary Taylor, CPA

Auditor of State

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

Gahanna Community Improvement Corporation  
Franklin County  
200 S Hamilton Rd, 2<sup>nd</sup> Floor  
Gahanna, Ohio 43230

To the Board of Trustees:

We have audited the financial statements of the Gahanna Community Improvement Corporation, Franklin County, Ohio (the CIC) as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the CIC's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the CIC's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the CIC's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 the CIC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the CIC's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the CIC's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above (finding number 2008-001) is also a material weakness.

We also noted a certain internal control matter that we reported to the CIC's management in a separate letter dated June 26, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the CIC's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 26, 2009



**GAHANNA COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the CIC's Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The CIC utilizes the Quick Books System. Copies of all checks paid are sent to BlankenBecler, the CIC's GAAP converter, to be recorded on the CIC's books along with monthly bank statements. Copies of deposits and other monies received are not sent to BlankenBecler, but rather receipt postings are made based on bank statements.

At year-end the cash basis information from the accounting system is converted into the financial statements reported under Accounting Principles Generally Accepted in the United States of America. Accrual information is prepared by BlankenBecler, along with the financial statements.

The following audit adjustments/reclassifications were made to the financial statements and, where applicable, to the CIC's accounting records:

- Assets were understated by \$33,657 for 2007 and overstated by \$33,657 for 2008.
- Revenues were understated by \$13,519 for 2007 and overstated by \$33,657 for 2008.
- Opening Equity was understated by \$20,138 for 2007.

The following aggregated differences/reclassifications were immaterial to the overall financial statements of the CIC and were not posted to the December 31, 2008 Statement of Financial Position and Statement of Activities:

- Assets were understated by \$3,369.
- Revenues were understated by \$3,369.
- Net Assets were understated by \$3,369.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the CIC develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the CIC and thereby increasing the reliability of the financial data throughout the year. Additionally, we recommend the CIC provide BlankenBecler with copies of all deposits, checks, and supporting documentation to allow for proper recording of the CIC's transactions.

We did not receive a response from Officials for the finding denoted above.





Mary Taylor, CPA  
Auditor of State

**GAHANNA CIC**  
**FRANKLIN 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 20, 2009**