



**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**



**Dave Yost • Auditor of State**



**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Auditor's Report .....   | 1           |
| Financial Statements:  |             |
| Statement of Financial Position .....  | 3           |
| Statement of Activities .....  | 4           |
| Statement of Cash Flows .....  | 5           |
| Notes to the Basic Financial Statements .....  | 7           |
| Independent Auditor's Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 9           |
| Schedule of Findings.....  | 11          |
| Summary Schedule of Prior Audit Findings .....   | 12          |

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Madison County Community Improvement Corporation  
Madison County  
730 Keny Blvd  
London, OH 43140

To the Board of Directors:

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

We have audited the accompanying financial statements of Madison County Community Improvement Corporation, Madison County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position, the related statement of activities and cash flows, as of and for the year ended December 31, 2015 and the related notes to the financial statements.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Madison County Community Improvement Corporation, Madison County, Ohio, as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the 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 October 24, 2016, on our consideration of the Corporation'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 24, 2016

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

**ASSETS:**

|  |                |
|--|----------------|
| Equity in Pooled Cash and Cash Equivalents | \$ 75,236      |
| Buildings                                  | 534,480        |
| Total Assets                               | <u>609,716</u> |

**LIABILITIES:**

|                  |               |
|------------------|---------------|
| Accounts Payable | <u>20,204</u> |
|------------------|---------------|

**NET ASSETS:**

|              |                |
|--------------|----------------|
| Unrestricted | <u>589,512</u> |
|--------------|----------------|

|   |                          |
|---|--------------------------|
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 609,716</u></u> |
|---|--------------------------|

The notes to the financial statements are an integral part of this statement.

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                      |                          |
|--------------------------------------|--------------------------|
| <b>INCOME</b>                        |                          |
| Dues                                 | \$ 37,600                |
| Commissions                          | 1,300                    |
| County Support                       | 66,666                   |
| MCAS pass through monies             | <u>520,358</u>           |
| Total Income                         | 625,924                  |
| <b>EXPENSES</b>                      |                          |
| Bank Charges                         | 57                       |
| Dues & Subscriptions                 | 4,186                    |
| Insurance                            | 2,085                    |
| Office Expenses                      | 659                      |
| Payroll taxes                        | 4,455                    |
| Rent and CAM                         | 6,000                    |
| Strategic planning                   | 1,011                    |
| Accounting/Tax Preparation           | 2,165                    |
| Travel/entertainment                 | 257                      |
| Wages/fringe benefits                | <u>58,181</u>            |
| Total Expenses                       | 79,056                   |
| <b>INCREASE IN NET ASSETS</b>        | 546,868                  |
| <b>NET ASSETS, BEGINNING OF YEAR</b> | <u>42,644</u>            |
| <b>NET ASSETS, END OF YEAR</b>       | <u><u>\$ 589,512</u></u> |

The notes to the financial statements are an integral part of this statement.



**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Cash Flows from Operating Activities:**

|   |                         |
|---|-------------------------|
| Change in Net Assets  | \$ 546,868              |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities |                         |
| Increase in Accounts Payable  | 18,890                  |
| Net Cash Provided by Operating Activities   | <u>565,758</u>          |
| Net Cash Provided by Financing Activities   |                         |
| Building Construction   | <u>(534,480)</u>        |
| Net Increase in Cash and Cash Equivalents   | 31,278                  |
| Cash and Cash Equivalents at Beginning of Year  | <u>43,958</u>           |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u><u>\$ 75,236</u></u> |

The notes to the financial statements are an integral part of this statement.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 1: REPORTING ENTITY**

**Organization**

Madison County Future, Inc., doing business as the Madison County Community Improvement Corporation (the "Corporation") is a nonprofit organization established for the purpose of advancing, encouraging, and promoting the industrial, commercial and civic development of Madison County. It has accomplished this function by acting as a conduit between prospective businesses and the state and local governments. The Corporation's funding is provided mainly by administering and operating its ventures, as well as contributions from local government, local businesses and individuals.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

**Basis of Accounting**

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

**Basis of Presentation**

Financial statement presentation 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, temporarily restricted net assets and permanently restricted net assets. No temporarily restricted or 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.

**Cash and Cash Equivalents**

Short Term, highly liquid investments that are readily convertible to known amounts of cash, including money market accounts, and have original maturities of three months or less are considered to be cash equivalents. At December 31, 2015, the bank balance was \$80,139. The balance is fully covered by the Federal Deposit Insurance Corporation (FDIC).

**Income Taxes**

The Corporation is incorporated as a nonprofit entity and is exempt from federal and state income taxes under Section 501 (C)(3) of the Internal Revenue Service Code.

**Property and Equipment**

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost. The Corporation only reported construction in progress. The Corporation did not have any depreciation to report. The Corporation had construction in progress of \$534,480 at December 31, 2015.

**NOTE 3: RENT**

During the year, the Corporation rented space from the Madison County Chamber of Commerce.

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**NOTE 4: LEASE BACK TO PURCHASE AGREEMENT**

On December 3, 2014, the Corporation entered into a lease back agreement with the Madison County Agricultural Society for property located at 217 Elm St, London, OH for the period of seven months at a cost of \$1.00 plus the one percent of cost of construction for improvements. The lease remains active until all improvements are made. Once complete, the Madison County Agricultural Society will exercise their option to purchase the leased premises at that time at no cost. The building was completed on August 14, 2015 and was first used on July 10, 2016. The lease expired on June 30, 2015 and the option for the lessee to purchase agreement expired on July 30, 2015. The Corporation is working with Madison County Agriculture Society to execute the purchase of this property.

**NOTE 5: RISK MANAGEMENT**

The Corporation is subjected to certain types of risk related to torts and errors and omissions in the performance of its normal function. The Corporation has in place Directors' and Officers' liability insurance coverage of up to \$1,000,000 per occurrence with no deductible.

**NOTE 6: COMMUNITY ACCOUNT**

The Corporation created a separate account at Merchants Bank to assist with accepting donations for community projects. Donations received from businesses to the London Community Pool, Village of Plain City, and Madison County Fair Auction were all passed through this account.

**NOTE 7: SUBSEQUENT EVENTS**

On February 10, 2016, the Corporation entered into a lease back agreement with the Somerford Township Trustees for property located at 91 State Route 56, London, OH, for the period of one year at a cost of \$1.00 plus three percent of the cost of construction for improvements. The lease remains active until all improvements are made. Once complete, the Somerford Township Trustees will exercise their option to purchase the leased premises at that time at no cost.



# Dave Yost • Auditor of State

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

Madison County Community Improvement Corporation  
Madison County  
730 Keny Blvd  
London, OH 43140

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Madison County Community Improvement Corporation, Madison County, Ohio, (the Corporation), (a not-for-profit corporation), as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2016.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation'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 Corporation'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 Corporation'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation'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*.

***Corporation's Response to Findings***

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Corporation'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 and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 24, 2016

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2015-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Executive Director and the Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were qualitatively material and made to the financial statements with the year ending December 31, 2015:

- Adjustment to increase Building Construction in Process and decrease Madison County Agricultural Society (MCAS) Pass Through Monies expenditures by \$534,480.
- Adjustment to increase MCAS Pass Through Monies expenditures and accounts payable by \$17,475
- Adjustment to increase MCAS pass Through Monies expenditures and decrease cash and cash equivalents by \$4,903
- Adjustment to decrease unrestricted net assets and increase accounts payable in the amount by \$2,729
- Adjustment to decrease restricted net assets and increase unrestricted net assets in the amount of \$7,980

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

We recommend the Executive Director and the Board of Directors develop and enhance policies and procedures over financial reporting to help ensure the information accurately reflects the activity and position of the Corporation and thereby increasing the reliability of the financial data and reporting.

**Officials' Response**

The Board of Trustees and Executive Director of the Madison County Community Improvement Corporation understand the material weakness that was identified in the 2015 Regular Audit of the organization. The Executive Director is in communication with the Madison County Agriculture Society and will take action to make sure that this issue is corrected on not repeated in the future. Once all actions are taken, the Executive Director will notify the Office of Auditor of State so it is on record.

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION  
MADISON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015**

| <b>Finding Number</b> | <b>Finding Summary</b>       | <b>Status</b>               | <b>Additional Information</b> |
|-----------------------|------------------------------|-----------------------------|-------------------------------|
| 2014-001              | Accurate Financial Reporting | Finding not Fully Corrected | Re-issued as Finding 2015-001 |





# Dave Yost • Auditor of State

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 20, 2016**