CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Mary Taylor, CPA
Auditor of State

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cardington Community Improvement Corporation
Morrow County
4196 Co. Rd. 28
Cardington, Ohio 43315

To the Board of Trustees:

We have audited the accompanying statements of financial position of the Cardington Community Improvement Corporation, Morrow County, Ohio (the Corporation) as of December 31, 2008, and December 31, 2007, and the related statements of activities and cash flows which collectively comprise the Corporation's financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 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 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 the Cardington Community Improvement Corporation, Morrow County, Ohio, as of December 31, 2008, and December 31, 2007, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with the *Government Auditing Standards,* we have also issued our report dated June 1, 2009, 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. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 1, 2009

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

Assets:	**2008**	**2007**
Cash and Cash Equivalents	$ 440,228	$ 473,871
Loans Receivable	50,570	50,299
	490,798	524,170
Property & Equipment		
Land	33,255	33,255
Buildings	336,965	336,965
Less: Accumulated Depreciation	(76,492)	(68,246)
Net Property and Equipment	293,728	301,974
Total Assets	$ 784,526	$ 826,144
Current Liabilities		
Deferred Revenue	$ 1,500	$ 1,500
Notes Payable-Current Portion	5,034	4,789
Long Term Liabilities		
Notes Payable-Long Term Portion	86,365	91,399
Total Liabilities	92,899	97,688
Net Assets:		
Unrestricted Net Assets	691,627	728,456
Total Liabilities and Net Assets	$ 784,526	$ 826,144

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

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

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

	2008	2007
Operating Revenue:		
Rental Income	$ 52,957	$ 49,196
Other Revenue	189	198
Total Operating Revenue	53,146	49,394
Operating Expenses:		
General	$ 18,223	$ 16,142
Contracted Services	10,499	12,830
Depreciation	8,245	7,719
Total Operating Expenses	36,967	36,691
Net Operating Income	16,179	12,703
Non Operating Revenues and Expenses		
Loan Interest	$ 2,243	$ 2,581
Earnings on Investments	(50,550)	19,839
Reduction to Capital Assets	0	(9,739)
Interest Expense	(4,701)	(4,096)
Net Non Operating Revenues and Expenses	(53,008)	8,585
Increase in Net Assets	(36,829)	21,288
Net Assets, Beginning of Year	728,456	707,168
Net Assets, End of Year	$ 691,627	$ 728,456

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

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

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

	2008	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rentals	$49,157	$50,696
Cash Received from Loan Principal	3,528	3,617
Cash Received from Other Sources	189	198
Cash Payments for Goods and Services	(28,721)	(28,972)
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,153	25,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	(50,550)	19,839
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from Loan Interest Payments	2,243	2,581
Cash payments for Loan Principal and Interest	(9,489)	(7,908)
NET CASH USED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(7,246)	(5,326)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Assets	0	(73,983)
NET DECREASE IN CASH	(33,644)	(33,931)
CASH, BEGINNING OF YEAR	473,871	507,802
CASH, END OF YEAR	$ 440,228	473,871
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 16,179	$ 12,703
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,245	7,719
(Increase) Decrease in Loans Receivable	(271)	3,617
Increase in Deferred Revenue	0	1,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 24,153	$ 25,539

Noncash capital related financing activity
The Corporation entered into a promissory note agreement for $100,000 for the purchase of new rental property.

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

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Cardington Community Improvement Corporation (the Corporation), was incorporated in 1964. The Corporation is a nonprofit entity which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cardington, Ohio, and the surrounding area. The Board of Trustees is made up of local business owners, Village Council Members, School Board Members, and Bankers.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

B. Basis of Accounting

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

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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. As of December 31, 2008, and December 31, 2007, net assets are unrestricted.

D. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Property

Acquisitions of property in excess of $500 are capitalized. Land, buildings, and improvements are carried at cost. Depreciation is computed using the straight-line method over a useful life of 50 years for buildings and 30 years for improvements.

F. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and Chapters 1702 and 1724 of the Ohio Revised Code.

2. DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of cash at December 31 was as follows:

	2008	2007
Demand Deposits	189,923	162,441

Deposits were insured by the Federal Depository Insurance Corporation.

Investments

Investments are reported at fair value. As of December 31, 2008 and 2007 the Corporation had invested in money market funds with American Funds in the amounts of $250,305 and $311,430 respectively. The Corporation's money market fund were with the Cash Management Trust of America, which is a Class A fund.

3. PROPERTY AND EQUIPMENT

A summary of Property and Equipment at December 31 follows:

	Balance at 12/31/2006	2007 Activity	Balance at 12/31/2007	2008 Activity	Balance at 12/31/2008
Land and buildings/improvements	$ 205,976	$ 164,244	370,220		370,220
Less: accumulated depreciation	(60,528)	(7,719)	(68,247)	(8,245)	(76,492)
Net Property and Equipment	$ 145,448	$ 156,525	301,973	(8,245)	293,728

4. FAIR VALUE OF LOANS RECEIVABLE

The Corporation believes that the fair value of its loans receivable approximates their carrying value.

5. DEBT

Debt outstanding at December 31, 2008 and 2007 was as follows:

Promissory Note	Payments Made	Outstanding Principal
		$100,000
12/31/2007	(3,812)	96,188
12/31/2008	(4,789)	91,399

The $100,000 Promissory Note bears an interest rate of 5 percent and is due to the Farmer's Citizens Bank. The note was entered into on February 26, 2007 and matures February 26, 2021. Proceeds of the note were used to purchase a new property to further the CIC's purpose of fostering economic development.

5. DEBT (Continued)

The principal and interest requirements to retire the promissory note with Farmer's Citizens Bank outstanding at December 31, 2008 were as follows:

	Promissory Note	
Fiscal Year Ending December 31	**Principal**	**Interest**
2009	5,034	4,456
2010	5,291	4,198
2011	5,562	3,927
2012	5,847	3,643
2013	6,146	3,344
2014-2018	35,780	11,668
2019-2022	27,739	2,331
Total Minimum Payments	**91,399**	**33,566**

6. RISK MANAGEMENT

Commercial Insurance

The Corporation has obtained comprehensive property and general liability insurance through a private carrier.

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

Cardington Community Improvement Corporation
Morrow County
4196 Co. Rd. 28
Cardington, Ohio 43315

To the Board of Trustees:

We have audited the financial statements of the Cardington Community Improvement Corporation, Morrow County, Ohio, (the Corporation) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 1, 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 Corporation'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 Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section 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 misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation'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 Corporation'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 that a remote likelihood that the Corporation'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 finding number 2008-001 is also material weaknesses.

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, 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 the management, Board of Trustees, and the audit committee. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 1, 2009

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2008-001

Significant Deficiency and Material Weakness

The Corporation currently has monitoring controls over daily cash-basis transactions entered into the accounting system. At year-end the cash basis information from the manual ledgers is converted into accrual statements by an outside consultant to prepare basic financial statements.

Twelve audit adjustments in 2007 (totaling $74,000) and thirteen audit adjustments (totaling $55,000) in 2008 were made to the Corporation's basic financial statements presented to accurately reflect account balances reported under generally accepted accounting principles. Errors included incorrect expenditure postings, incorrect receipt postings, incorrect accrual amounts, earnings on investments not posted to the trial balance, and beginning and ending net assets not reported on the statements. The Corporation's financial statements and accounting records have been adjusted to accurately reflect these adjustments and reclassifications. Although the consultant prepares the basic financial statements, management is responsible for the presentation of the basic financial statements and accordingly should implement review procedures and controls over the financial statement preparation and reporting process.

We recommend the Corporation implement additional procedures to provide assurances over the completeness and accuracy of financial information reported within the financial statements. Such procedures may include review of the financial statements by a member of management and an analytical comparison of the current year financial statements to the prior year financial statements for obvious errors or omissions.

We did not receive an Officials response to the finding denoted above.

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 and 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	The Corporation did not prepare GAAP- basis Financial Statements.	No	Partially Corrected: The Corporation presented Financial Statements on an accrual basis, however several audit adjustments were needed in order to accurately present GAAP-basis Statements. See finding 2008-001.

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION

MORROW 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
JUNE 30, 2009

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