



**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2012-2011**



**Dave Yost • Auditor of State**



**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION  
MORROW COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Cardington Community Improvement Corporation  
Morrow County  
P.O. Box 31  
Cardington, Ohio 43315-0031

To the Board of Trustees:

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

We have audited the accompanying financial statements of Cardington Community Improvement Corporation, Morrow County, Ohio (the Corporation), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### ***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 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 Cardington Community Improvement Corporation, Morrow County as of December 31, 2012 and 2011, 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 August 19, 2013, 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.



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

August 19, 2013

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION  
MORROW COUNTY**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012 AND 2011**

<b>Assets:</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash and Cash Equivalents	\$ 364,883	\$ 327,962
Loans Receivable	<u>77,102</u>	<u>83,194</u>
	441,985	411,156
 Property & Equipment		
Land	33,255	33,255
Buildings	364,840	364,840
Less: Accumulated Depreciation	<u>(112,357)</u>	<u>(103,098)</u>
Net Property and Equipment	<u>285,738</u>	<u>294,997</u>
 Total Assets	<b><u>\$ 727,723</u></b>	<b><u>\$ 706,153</u></b>
 <b>Net Assets:</b>		
Unrestricted Net Assets	<u>727,723</u>	<u>706,153</u>
 Total Liabilities and Net Assets	<b><u>\$ 727,723</u></b>	<b><u>\$ 706,153</u></b>

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

**MORROW COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenue:</b>		
Rental Income	\$ 47,023	\$ 44,590
Other Revenue	55	70
	<hr/>	<hr/>
Total Operating Revenue	47,078	44,660
	<hr/>	<hr/>
<b>Operating Expenses:</b>		
General	\$ 14,552	\$ 26,446
Contracted Services	3,567	3,134
Bad Debt Expense	0	11,066
Depreciation	9,259	9,259
	<hr/>	<hr/>
Total Operating Expenses	27,378	49,905
	<hr/>	<hr/>
Net Operating Income/Loss	19,700	(5,245)
	<hr/>	<hr/>
<b>Non Operating Revenues</b>		
Loan Interest	\$ 1,671	\$ 1,817
Earnings on Investments	199	178
	<hr/>	<hr/>
Net Non Operating Revenues	1,870	1,995
	<hr/>	<hr/>
Change in Net Assets	21,570	(3,250)
	<hr/>	<hr/>
Net Assets, Beginning of Year	706,153	709,403
	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 727,723</u>	<u>\$ 706,153</u>

*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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rentals	\$47,023	\$44,590
Cash Received from Loan Principal	6,092	11,737
Cash Received from Other Sources	55	70
Cash Payments for Goods and Services	<u>(18,119)</u>	<u>(31,282)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>35,051</u>	<u>25,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	<u>199</u>	<u>178</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from Loan Interest Payments	1,671	1,817
NET INCREASE IN CASH	36,921	27,110
CASH, BEGINNING OF YEAR	<u>327,962</u>	<u>300,852</u>
CASH, END OF YEAR	<u>\$ 364,883</u>	<u>327,962</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income/(Loss)	\$ 19,700	\$ (5,245)
Adjustments to Reconcile Operating Income/Loss to Net Cash Provided by Operating Activities:		
Depreciation	9,259	9,259
Decrease in Loans Receivable	6,092	10,035
Decrease in Accounts Receivable	<u>0</u>	<u>11,066</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 35,051</u>	<u>\$ 25,115</u>

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

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**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**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, a School Board Member, and a banker.

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

**B. Accounting Basis**

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**C. 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 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, 2012 and December 31, 2011, net assets are unrestricted.

**D. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows and for presentation of the Statement of Financial Position, all cash in checking accounts are considered to be cash and cash equivalents.

**E. Use of Estimates**

The preparation of the 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Property and Depreciation**

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 27.5 to 30 years for improvements.

**G. Income Taxes**

The Corporation is a not-for-profit organization that 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.

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Deposits and Investments**

The Corporation's carrying amount of deposits and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$206,478	\$169,557
American Funds	158,405	158,405
Total deposits and investments	\$364,883	\$327,962

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments are reported at fair value. As of December 31, 2012 and 2011, the Corporation had invested in money market funds with American Funds. The Corporation's money market funds were with the American Funds Money Market Fund, which is a Class A fund.

**3. Property and Equipment**

A summary of Property and Equipment at December 31 follows:

	Balance at 12/31/10	2011 Activity	Balance at 12/31/11	2012 Activity	Balance at 12/31/12
Land & Buildings/Improvements	\$398,095	\$0	\$398,095	\$0	\$398,095
Less: Accumulated Depreciation	(93,839)	(9,259)	(103,098)	(9,259)	(112,357)
Net Property and Equipment	\$304,256	(\$9,259)	\$294,997	(\$9,259)	\$285,738

**4. Fair Value of Loans Receivable**

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

**5. Bad Debt Expense**

As of December 31, 2010, Leaping 2 Learn owed the Corporation \$11,066 in past rent. Leaping 2 Learn went out of business in 2011 and did not make any payments to the Corporation. The Corporation has recorded the \$11,066 as bad debt expense in 2011.

**6. Risk Management**

**Commercial Insurance**

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

**7. Subsequent Events**

The Corporation was a plaintiff in one lawsuit that was settled in 2013. The Corporation loaned \$50,000 to a local business in 2009, but the business stopped making payments on this loan in April 2010 leaving a remaining loan balance of \$48,376.53. The Corporation has a lien on the business owners' home in order to recover the remaining loan balance.



# 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

Cardington Community Improvement Corporation  
Morrow County  
P.O. Box 31  
Cardington, Ohio 43315-0031

To the Board of Trustees:

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 Cardington Community Improvement Corporation, Morrow County, Ohio, (the Corporation) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2013.

### ***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***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

August 19, 2013

**CARDINGTON COMMUNITY IMPROVEMENT CORPORATION  
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Material Weakness related to properly reporting on GAAP.	No	Partially Corrected, Will be reissued in Management Letter

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# Dave Yost • Auditor of State

**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  
SEPTEMBER 17, 2013**