



**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2014



Dave Yost • Auditor of State

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION
MADISON COUNTY**

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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, 2014 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, 2014, 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.

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Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2016

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION
MADISON COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

ASSETS:

Equity in Pooled Cash and Cash Equivalents	\$ 43,958
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LIABILITIES:

Accounts Payable	1,314
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NET ASSETS:

Unrestricted	42,644
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TOTAL LIABILITIES AND NET ASSETS	\$ 43,958
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The notes to the financial statements are an intregal part of this statement.

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION
MADISON COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

INCOME

Dues	\$ 28,150
County Support	66,666
MCAS pass through monies	635,617
Total Income	<u>730,434</u>

EXPENSES

Bank Charges	34
Dues & Subscriptions	3,322
Insurance	3,279
Office Expenses	50
MCAS pass through monies	635,687
Miscellaneous	1,875
Payroll taxes	4,795
Professional development	175
Rent and CAM	6,000
Strategic planning	1,150
Accounting/Tax Preparation	1,875
Travel/entertainment	933
Wages/fringe benefits	53,556
Website Hosting	1,433
Total Expenses	<u>714,164</u>

INCREASE IN NET ASSETS 16,270

NET ASSETS, BEGINNING OF YEAR 26,374

NET ASSETS, END OF YEAR \$ 42,644

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, 2014**

Cash Flows from Operating Activities:

Change in Net Assets	\$	16,270
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Increase in Accounts Payable		<u>107</u>
Net Cash Provided by Operating Activities		<u>16,377</u>
Net Increase in Cash and Cash Equivalents		16,377
Cash and Cash Equivalents at Beginning of Year		<u>27,581</u>
Cash and Cash Equivalents at End of Year	\$	<u>43,958</u>

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

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**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

These are 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, 2014 the bank balance was \$60,872. 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 constructed a building at a cost of \$618,773 during 2014. The building was sold to the Madison County Agricultural Society on November 24, 2014 according to the lease-back purchase agreement between the Corporation and the Madison County Agricultural Society. The Corporation did not have any capital assets as of December 31, 2014.

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
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 4: LEASE BACK TO PURCHASE AGREEMENT

On January 12, 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 six months at a cost of \$1.00 plus the one percent of cost of construction for improvements. An option was exercised to terminate the lease by agreement on November 24, 2014. Madison County Agricultural Society exercised their option to purchase the leased premises at that time for \$1.00. On December 3, 2014, the Corporation entered into a lease back agreement with the Madison County Agricultural Society for property located at 205 Elm St, London, OH for the period of seven months at a cost of \$1.00 plus the cost of construction 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 for \$1.00.

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, 2014, 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 2014-001 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*.

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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2016

**MADISON COUNTY COMMUNITY IMPROVEMENT CORPORATION
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014**

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

FINDING NUMBER 2014-001

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 and reclassifications were material and made to the financial statements with the year ending December 31, 2014:

- Reclassification of unrestricted revenues, dues/support for \$94,817 as county support for \$66,667 and dues for \$28,150
- Adjustment to increase Madison County Agricultural Society (MCAS) pass through monies expenditures and decrease cash and cash equivalents by \$16,914
- Adjustment to decrease unrestricted net assets and increase accounts payable in the amount by \$1,314

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

We did not receive a response from Officials to this finding.

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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**