

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Financial Statements

August 31, 2004 and 2003

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Springfield and Clark County

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Springfield and Clark County, prepared by Clark, Schaefer, Hackett & Co. for the audit period September 1, 2003 through August 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Improvement Corporation of Springfield and Clark County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 13, 2004

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**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Trustees
Community Improvement Corporation of
Springfield and Clark County, Ohio
Springfield, Ohio

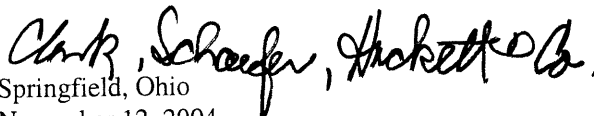
We have audited the accompanying statements of financial position of Community Improvement Corporation of Springfield and Clark County, Ohio as of August 31, 2004 and 2003 and the related combined statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Community Improvement Corporation of Springfield and Clark County, Ohio's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 obtain reasonable assurance about whether the financial 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Community Improvement Corporation of Springfield and Clark County, Ohio as of August 31, 2004 and 2003 and the changes in its net assets 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 November 12, 2004, on our consideration of Community Improvement Corporation of Springfield and Clark County, Ohio internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedules of program activities and changes in net assets and schedules of general operating and administration expenses are presented for purposes of additional analysis and are not a required as part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Springfield, Ohio
November 12, 2004

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Statements of Financial Position
August 31, 2004 and 2003

| <u>Assets</u> | | |
|---|-------------------|-----------------|
| | <u>2004</u> | <u>2003</u> |
| Current assets: | | |
| Cash | \$ 368,354 | 271,271 |
| Cash, custodial | 80,040 | 49,023 |
| Certificates of deposit | 116,585 | 115,056 |
| Other receivables | <u>23,703</u> | <u>28,129</u> |
| Total current assets | <u>588,682</u> | <u>463,479</u> |
| Property and equipment: | | |
| Office furniture, equipment, and vehicles | 86,901 | 82,313 |
| Less accumulated depreciation | <u>(54,627)</u> | <u>(45,688)</u> |
| Net property and equipment | <u>32,274</u> | <u>36,625</u> |
| Other assets: | | |
| Industrial development, at cost | <u>115,214</u> | <u>366,681</u> |
| Total assets | <u>\$ 736,170</u> | <u>866,785</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 168,129 | 30,234 |
| Other liabilities, custodial accounts | <u>80,040</u> | <u>49,023</u> |
| | <u>248,169</u> | <u>79,257</u> |
| Long-term liabilities: | | |
| Note payable, development property | <u>43,870</u> | <u>43,870</u> |
| Total liabilities | <u>292,039</u> | <u>123,127</u> |
| Net assets: | | |
| Unrestricted | <u>444,131</u> | <u>743,658</u> |
| Total liabilities and net assets | <u>\$ 736,170</u> | <u>866,785</u> |

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Statements of Activities and Change in Net Assets

Years Ended August 31, 2004 and 2003

| | 2004 | 2003 |
|--------------------------------------|------------|-----------|
| Revenues: | | |
| Gain on sale of industrial park land | \$ 42,146 | 450 |
| Fees and services | 3,899 | 1,725 |
| Interest | 4,687 | 11,203 |
| Prime Ohio, fees | - | 419,389 |
| Grant revenue | 1,207,315 | - |
| Total revenues | 1,258,047 | 432,767 |
| Expenses: | | |
| General operating | 132,485 | 228,330 |
| Administration and depreciation | 244,766 | 259,883 |
| Prime Ohio, services | - | 355,733 |
| Grant Expenses | 1,180,323 | - |
| Industrial development, at cost | 1,557,574 | 843,946 |
| Decrease in net assets | (299,527) | (411,179) |
| Net assets, beginning of year | 743,658 | 1,154,837 |
| Net assets, end of year | \$ 444,131 | 743,658 |

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Statements of Cash Flows
Years Ended August 31, 2004 and 2003

| | 2004 | 2003 |
|--|--------------|-----------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (299,527) | (411,179) |
| Adjustments to reconcile change in net assets to | | |
| Net cash used by operating activities: | | |
| Gain on sale of industrial park land | (42,146) | (450) |
| Depreciation | 8,939 | 9,127 |
| Effects of change in operating assets and liabilities: | | |
| Decrease (increase) in other receivables | 4,426 | (16,382) |
| Increase in accounts payable | 137,895 | 1,438 |
| Increase in other liabilities | 31,017 | - |
| Net cash used by operating activities | (159,396) | (417,446) |
| | | |
| Cash flow from investing activities: | | |
| Purchase of certificates of deposit | (116,585) | (114,392) |
| Industrial development, at cost | 115,056 | 111,774 |
| Proceeds from the sale of industrial park land | 431,161 | 450 |
| Development costs related to industrial park | (137,548) | (8,278) |
| Capital expenditures | (4,588) | - |
| Net cash provided (used) by investing activities | 287,496 | (10,446) |
| | | |
| Increase (decrease) in cash | 128,100 | (427,892) |
| | | |
| Cash, beginning of year | 320,294 | 748,186 |
| | | |
| Cash, end of year | 448,394 | 320,294 |
| | | |
| Represented by: | | |
| Cash | 368,354 | 271,271 |
| Cash, custodial | 80,040 | 49,023 |
| | \$ 448,394 | 320,294 |

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Notes to the Financial Statements
August 31, 2004 and 2003

1. Summary of Significant Accounting Policies:

The following accounting principles and practices of the Corporation are set forth to facilitate the understanding of data presented in the financial statements.

Organization

Community Improvement Corporation of Springfield and Clark County, Ohio (the Corporation) is a not-for-profit corporation whose purpose is to promote industrial and economic development in Springfield and Clark County, Ohio.

Financial statement presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements for Not-For-Profit Organizations*. SFAS No. 117 requires net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions.

Income taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code on income arising from normal operations. The Corporation has been liable for income tax on its unrelated business income in excess of related expenses in past years. During the current year, the Corporation has no unrelated business income.

Property and depreciation

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives (five to eight years) of the respective assets.

Cash

For purposes of cash flows, the Corporation considers cash on hand and in demand accounts with a maturity of 90 days or less to be cash.

Industrial development costs

Includes capitalized costs for remaining land at Prime Ohio and associated expenses, professional fees from the I-235 project, and land from the Columbus Avenue project. This asset is decreased as land is sold by the related land and development costs.

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

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Notes to the Financial Statements
August 31, 2004 and 2003

assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash, Custodial:

Cash on deposit at August 31, 2004 and 2003, held for Board designated projects is as follows:

| | <u>2004</u> | <u>2003</u> |
|--|--------------------|---------------------|
| Clark County - Economic Development Incentive Fund | \$ 36,892 | 36,593 |
| Small Business Development Corporation | 43,148 | 12,380 |
| National Trails and Parks Recreation Department | <u> -</u> | <u> 50</u> |
| | \$ <u>80,040</u> | <u>49,023</u> |

All monies are maintained in segregated interest bearing bank accounts.

3. Industrial Development:

The Corporation continues to explore both existing and new sites for industrial parks. Below summarizes locations and capitalized costs.

| <u>Prime Ohio</u> | <u>I-235</u> | <u>Columbus Ave.</u> | <u>Total</u> |
|-------------------|-----------------------------|----------------------|--------------|
| Land \$ 27,858 | Professional Fees \$ 21,464 | Land \$ 65,892 | \$ 115,214 |

4. Note Payable:

A summary of note payable at August 31, 2004 and 2003 is as follows:

| | <u>2004</u> | <u>2003</u> |
|---|------------------|---------------|
| Non-interest bearing note payable to City of Springfield, due January 2009. | \$ <u>43,870</u> | <u>43,870</u> |

The following is a schedule of the future debt annual obligation:

| | |
|---------------------------------|------------------|
| Fiscal year end August 31, 2010 | \$ <u>43,870</u> |
|---------------------------------|------------------|

5. Administrative Expenses:

The Springfield Clark County Chamber of Commerce (Chamber) furnishes administrative services to the Corporation. Costs incurred by the Chamber on behalf of the Corporation include salaries and benefits and occupancy and other related office expenses. The Corporation reimbursed the Chamber for these services in the amount of \$235,827 and \$250,756 for 2004 and 2003, respectively.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Notes to the Financial Statements
August 31, 2004 and 2003

6. Concentration of Risk:

At times throughout the year, the Corporation may have deposits at financial institutions in excess of FDIC limits.

7. Continuing Options Obligations:

The Corporation continues to renew several purchase option agreements that are charged to operations. The options are for the purchase of 351 acres of land and may be terminated at managements' discretion.

8. Grant Revenues/Expenditures:

Community Improvement Corporation of Springfield and Clark County, Ohio received its grant revenue from four main sources. These grants include Local Tech Equipment Grants (\$897,419), Greentree/Turner Contract (\$257,396), Ohio Port Authority (\$40,000), and Clark County Auditor (\$12,500). The following summarizes grant revenues and expenditures.

| | |
|--|---------------------|
| Total Grant revenue | \$ 1,207,315 |
| Grant expenditures: | |
| Operating expenses | 1,180,323 |
| Capitalized costs for I-235 and Columbus Avenue projects | <u>87,356</u> |
| Total Grant Expenditures | \$ <u>1,267,679</u> |

Grant expenditures exceeded grant revenues.

9. Allocation of Functional Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited.

10. Economic Dependency:

The Corporation is dependent upon continued funding from state and local sources to meet its operational expenses.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Schedules of Program Activities and Changes in Net Assets
Years Ended August 31, 2004 and 2003

| | Operating | Industrial Park Fund | 2004 Total | Operating | Industrial Park Fund | 2003 Total |
|--------------------------------------|---------------------|----------------------------|------------------|----------------|----------------------------|------------------|
| Revenues: | | | | | | |
| Interest income | \$ 4,687 | - | 4,687 | 63,643 | 7,560 | 71,203 |
| Miscellaneous | - | - | - | - | 3,656 | 3,656 |
| Prime Ohio, fees | 3,899 | - | 3,899 | 355,733 | - | 355,733 |
| Gain on sale of industrial park land | - | 42,146 | 42,146 | - | 450 | 450 |
| Farm lease | - | - | - | - | 1,725 | 1,725 |
| Grant Revenues | <u>1,207,315</u> | - | <u>1,207,315</u> | - | - | - |
| Total revenues | <u>1,215,901</u> | <u>42,146</u> | <u>1,258,047</u> | <u>419,376</u> | <u>13,391</u> | <u>432,767</u> |
| Expenses: | | | | | | |
| General | 128,292 | 4,193 | 132,485 | 152,490 | 75,840 | 228,330 |
| Prime Ohio, services | - | - | - | - | 355,733 | 355,733 |
| Administration | 235,827 | - | 235,827 | 250,756 | - | 250,756 |
| Depreciation | 8,570 | 369 | 8,939 | 8,758 | 369 | 9,127 |
| Grant Expenses | <u>1,180,323</u> | - | <u>1,180,323</u> | - | - | - |
| Total expenses | <u>1,553,012</u> | <u>4,562</u> | <u>1,557,574</u> | <u>412,004</u> | <u>431,942</u> | <u>843,946</u> |
| Decrease in net assets | (337,111) | 37,584 | (299,527) | 7,372 | (418,551) | (411,179) |
| Net assets, beginning of year | <u>161,155</u> | <u>582,503</u> | <u>743,658</u> | <u>153,783</u> | <u>1,001,054</u> | <u>1,154,837</u> |
| Net assets, end of year | <u>\$ (175,956)</u> | <u>620,087</u> | <u>444,131</u> | <u>161,155</u> | <u>582,503</u> | <u>743,658</u> |

See independent auditor's report.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Schedules of General Operating and Administration Expenses
Years Ended August 31, 2004 and 2003

| | 2004 | 2003 |
|--|------------|---------|
| General operating: | | |
| Development and options | \$ 16,273 | 116,801 |
| Project expenses | - | 5,100 |
| Real estate taxes and insurance | - | 5,155 |
| Bank fees - CIC | 212 | 60 |
| I-675 project | - | 2,591 |
| State and national meetings | 2,864 | 1,714 |
| Auto expenses | 960 | 685 |
| Economic development trips | 4,193 | 3,967 |
| Dues and periodicals | 1,700 | 2,124 |
| Miscellaneous economic development | - | 6,101 |
| Marketing | 27,611 | 9,902 |
| Bank fees - Prime Ohio | 1,628 | 1,388 |
| Investment fees | - | 117 |
| Maintenance and storage | - | 2,042 |
| P/O Owners Association expenses | - | 1,743 |
| P/O Owners Association fee - CIC portion | 1,257 | 2,336 |
| Utilities | 82 | - |
| Interest Expense | 104 | - |
| Operations | 75,601 | 66,504 |
| | \$ 132,485 | 228,330 |
| Administration: | | |
| Administration fee | \$ 235,827 | 250,756 |
| Depreciation | 8,939 | 9,127 |
| | \$ 244,766 | 259,883 |

See independent auditor's report.

Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Community Improvement Corporation Of Springfield And Clark County, Ohio

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of
Financial Statements Performed In Accordance With
Government Auditing Standards

Board of Trustees
Community Improvement Corporation of Springfield
and Clark County, Ohio
Springfield, Ohio


We have audited the financial statements of Community Improvement Corporation of Springfield and Clark County, Ohio as of and for the year ended August 31, 2004; and have issued our report thereon dated November 12, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Springfield and Clark County, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Springfield and Clark County, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.


Springfield, Ohio
November 12, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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Facsimile 614-466-4490

**COMMUNITY IMPROVEMENT CORPORATION
OF SPRINGFIELD AND CLARK**

CLARK 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 28, 2004**