

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

Financial Statements

August 31, 2000 and 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Community Improvement Corporation of Springfield & Clark County

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Springfield & Clark County, Clark County, prepared by Clark, Schaefer, Hackett & Co. for the audit period September 1, 1998 through August 31, 2000. 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 & Clark County is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 10, 2001

**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 assets, liabilities, and net assets – income tax basis of Community Improvement Corporation of Springfield and Clark County, Ohio (a nonprofit organization) as of August 31, 2000 and 1999, and related statements of revenues, expenses – income tax basis and other changes in net assets and cash flows – income tax basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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.

As described in Note 1, these financial statements were prepared on the basis of accounting Community Improvement Corporation of Springfield and Clark County, Ohio, uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Community Improvement Corporation of Springfield and Clark County, Ohio as of August 31, 2000 and 1999, and its revenues, expenses, and other changes in net assets for the year then ended, on the basis of accounting described in Note 1.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 26, 2000

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Combined Statements of Assets, Liabilities and Net Assets - Income Tax Basis
August 31, 2000 and 1999

<u>Assets</u>		
	<u>2000</u>	<u>1999</u>
Current assets:		
Cash	\$ 858,390	959,078
Cash designated for projects	47,373	33,831
Certificates of deposit	339,996	578,110
Other receivables	18,711	24,008
Total current assets	<u>1,264,470</u>	<u>1,595,027</u>
Property and equipment:		
Office furniture, equipment and vehicles	104,211	83,336
Rental building	-	2,213,596
	<u>104,211</u>	<u>2,296,932</u>
Less accumulated depreciation	59,016	170,930
Net fixed assets	<u>45,195</u>	<u>2,126,002</u>
Other assets:		
Long term investments	256,998	232,500
Industrial Park Development	1,474,608	1,465,064
Other assets	4,000	4,000
	<u>1,735,606</u>	<u>1,701,564</u>
Total assets	<u>\$ 3,045,271</u>	<u>5,422,593</u>
<u>Liabilities</u>		
Accounts payable	\$ 16,959	3,908
Notes payable, development property	43,870	1,750,651
Other liabilities	-	325
Estimated costs to complete development	305,000	305,000
Total liabilities	365,829	2,059,884
<u>Net Assets</u>		
Unrestricted	<u>2,679,442</u>	<u>3,362,709</u>
Total liabilities and net assets	<u>\$ 3,045,271</u>	<u>5,422,593</u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
 SPRINGFIELD AND CLARK COUNTY, OHIO**
 Combined Statements of Revenues, Expenses and Other Changes In Net Assets -
 Income Tax Basis
 Years Ended August 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Revenue:		
Gain (loss) on sale of land and building	\$ (490,746)	225,553
Reimbursement - Pentaflex project	-	27,564
Rental income	282,218	282,218
Fees and services	24,690	32,374
Grant income	-	-
Interest	88,929	80,698
Prime Ohio, fees	<u>315,015</u>	<u>293,094</u>
	<u>220,106</u>	<u>941,501</u>
Expenses:		
General operating	321,084	336,622
Administration	267,274	266,375
Prime Ohio, services	<u>315,015</u>	<u>293,094</u>
Total expenses	<u>903,373</u>	<u>896,091</u>
Increase (decrease) in net assets	(683,267)	45,410
Net assets, beginning of year	<u>3,362,709</u>	<u>3,317,299</u>
Net assets, end of year	\$ <u>2,679,442</u>	<u>3,362,709</u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Combined Statements of Cash Flows - Income Tax Basis
Years Ended August 31, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Change in net assets	\$ (683,267)	45,410
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Loss (gain) on sale of land and building	490,746	(225,553)
Depreciation	33,061	61,642
Effects of change in operating assets and liabilities:		
Decrease in other receivables	5,297	4,384
Increase in accounts payable	13,051	685
(Decrease) increase in other liabilities	(325)	(509,105)
Decrease in estimated costs to complete development	-	(95,000)
Net cash used by operating activities	(141,437)	(717,537)
Cash flows from investing activities:		
Increase in investments	(24,498)	(7,500)
Purchase of certificates of deposit	(462,204)	(603,242)
Proceeds from sale of building	1,584,500	1,100,000
Proceeds from land sales	-	425,000
Proceeds from certificate of deposits	700,318	890,315
Development costs related to industrial park	(9,544)	(1,188,760)
Purchase of equipment	(27,500)	(6,361)
Net cash provided by investing activities	1,761,072	609,452
Cash flows from financing activities:		
Decrease in note payable	(1,706,781)	(121,738)
Decrease in cash	(87,146)	(229,823)
Cash, beginning of year	992,909	1,222,732
Cash, end of year	\$ 905,763	992,909
Represented by:		
Cash	\$ 858,390	959,078
Cash designated for projects	47,373	33,831
	\$ 905,763	992,909
Income taxes paid	\$ -	-
Interest paid	\$ 158,755	160,480

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Notes to the Financial Statements
For the Fiscal Year Ended August 31, 2000

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 is a not-for-profit corporation whose purpose is to promote industrial and economic development in Springfield and Clark County, Ohio.

Basis of accounting

The accompanying financial statements have been prepared on the accrual method of accounting used for federal income tax purposes. Consequently, certain expenses are recognized in the determination of income in different reporting periods than they would be if the financial statements were prepared in conformity with generally accepted accounting principles. The primary timing difference is deferred annuity payments to key staff.

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 Organization 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 and rental property are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

Cash

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

Interest costs

Interest costs incurred during the development of the industrial park are capitalized.

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

Notes to the Financial Statements
For the Fiscal Year Ended August 31, 2000

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and 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 Designated for Projects:

Cash on deposit at August 31, 2000 and 1999, held for projects is as follows:

	<u>2000</u>	<u>1999</u>
State Highway Patrol	\$ -	2,831
Due to Clark County - Economic Development Incentive Fund	31,770	30,752
Focus 2000 Fund	-	248
Small Business Development Corporation	<u>15,603</u>	<u>-</u>
	\$ <u>47,373</u>	<u>33,831</u>

All monies are maintained in segregated interest bearing bank accounts.

3. Lease Agreements - Rental Property:

Benjamin Steel Co.

The Corporation entered into an agreement to lease a building to Benjamin Steel Company. The agreement became effective January 1, 1995 and is for fifteen years with a one-time option to renew for ten years. The agreement calls for lease payments to be determined by the actual cost of the building and debt repayment schedule of the Corporation. For the first two-year period, monthly payments approximate \$25,950 plus a monthly administrative fee of \$505. Remaining payments approximate \$23,518 plus a monthly administrative fee of \$504.

On August 24, 2000, the Corporation sold the above-mentioned building to the Benjamin Steel Company.

4. Industrial Park Development:

The Corporation has entered into an agreement with Clark County and the City of Springfield regarding the development of PrimeOhio Industrial Park. The Corporation received \$2,550,000 from Clark County in annual installments of \$425,000 beginning December 20, 1984. In return the Corporation is to acquire prescribed property in Springfield Township, develop and construct the industrial park, and market tracts within the park to business firms for the purpose of economic development. All funds shall be used only for the economic development activities within Clark County, Ohio, both within and outside the corporate limits of the City of Springfield.

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

Notes to the Financial Statements
For the Fiscal Year Ended August 31, 2000

At August 31, 2000 and 1999, the Corporation expended funds, as reported below, for development and construction costs relating to the industrial park which have been capitalized.

The following is a historical summary of the account:

	<u>2000</u>	<u>1999</u>
Land acquisition (including easements, surveying, legal fees, taxes and options)	\$ 1,816,356	1,816,356
Development and construction expenses	4,138,179	4,128,635
Interest	<u>103,933</u>	<u>103,933</u>
	6,058,468	6,048,924
Less amount recorded as cost of land and building sold or transferred	<u>(4,583,860)</u>	<u>(4,583,860)</u>
	\$ <u>1,474,608</u>	<u>1,465,064</u>

5. Long-Term Investments:

The Corporation has purchased annuities on the lives of key staff to fund the contractual obligation as described in Note 6. The present value of the annuities is reported in the financial statements as Long-Term Investments.

6. Contractual Obligation:

The Corporation is obligated to pay the above annuities to the participants in the program. At August 31, 2000, the net obligation to the participants is the present value of the annuity (\$239,125) less a repayment amount of \$30,000. These amounts are not recorded in the financial statements as expenses until actual expenditures are paid; therefore, no obligations have been reported in these financial statements.

The repayment amount is reduced by \$10,000 annually, if the staff remain employed with the corporation.

7. Notes Payable:

A summary of notes payable at August 31, 2000 and 1999 is as follows:

	<u>2000</u>	<u>1999</u>
Non-interest bearing note payable to City of Springfield, due January 2009.	\$ 43,870	43,870
8.92%, payable to National City Bank, in monthly installments of \$23,518 including interest, secured by building leased to Benjamin Steel. Paid in full on August 24, 2000.	<u>-</u>	<u>1,706,781</u>
Total	\$ <u>43,870</u>	<u>1,750,651</u>

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

Notes to the Financial Statements
For the Fiscal Year Ended August 31, 2000

The following is a schedule of future debt obligations:

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

8. Estimated Costs to Complete:

To determine the cost of the Industrial Park lots sold, management estimated the costs to complete Park Development. The following summarizes the estimate:

	<u>2000</u>	<u>1999</u>
Original estimate	\$ 305,000	400,000
Change in additional estimated costs to complete	<u> -</u>	<u>(95,000)</u>
Balance	\$ <u>305,000</u>	<u>305,000</u>

9. 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 \$234,213 and \$204,733 for 2000 and 1999, respectively.

10. Other Assets:

Other assets consist of options to purchase approximately 134 acres of land in southeastern Clark County. The option price is approximately \$605,250, exercisable at various times over the next 24 months.

11. Concentration of Risk:

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

The Corporation's operations are dependent upon the general economic conditions of Springfield and Clark County, Ohio.

12. Subsequent Events:

The Corporation continues to renew several purchase option agreements subsequent to August 31, 2000. The options are for 386 acres with a purchase price of \$3,093,750.

On September 29, 2000, purchase option agreements entered into previously by the Corporation were modified, no longer permitting option payments to be applied toward the purchase price of the land. A total of \$24,000 in options previously paid were amortized as of August 31, 2000.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
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Additional Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 10 and 11 are presented for the purposes of additional analysis and are not a required 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
October 26, 2000

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

Schedules of Program Activities and Changes in Net Assets
Years Ended August 31, 2000 and 1999

	<u>Operating</u>	<u>Industrial Park Fund</u>	<u>2000 Total</u>	<u>1999 Total</u>
Revenues:				
Interest income	\$ 7,014	81,915	88,929	80,698
Miscellaneous	6,081	16,883	22,964	29,406
Rental income	282,218	-	282,218	282,218
Prime Ohio, fees	315,015	-	315,015	293,094
Sale of building	(490,746)	-	(490,746)	100,553
Land sales	-	-	-	125,000
Farm lease	-	1,726	1,726	1,726
Reimbursement - Pentaflex	-	-	-	27,564
Reimbursement - Add ons	-	-	-	1,242
	<u>119,582</u>	<u>100,524</u>	<u>220,106</u>	<u>941,501</u>
Expenses:				
General	233,082	88,002	321,084	336,622
Prime Ohio, services	-	315,015	315,015	293,094
	<u>233,082</u>	<u>403,017</u>	<u>636,099</u>	<u>629,716</u>
Administration	234,213	-	234,213	204,733
Depreciation	32,274	787	33,061	61,642
Total expenses	<u>499,569</u>	<u>403,804</u>	<u>903,373</u>	<u>896,091</u>
Increase (decrease) in net assets	(379,987)	(303,280)	(683,267)	45,410
Net assets, beginning of year	<u>620,489</u>	<u>2,742,220</u>	<u>3,362,709</u>	<u>3,317,299</u>
Net assets, end of year	\$ <u>240,502</u>	<u>2,438,940</u>	<u>2,679,442</u>	<u>3,362,709</u>

See independent auditors' report on additional information.

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Schedules of General Operating and Administration Expenses
August 31, 2000 and 1999

	2000	1999
General operating:		
Development and options	\$ 69,700	-
Project expenses - Pentaflex	-	23,368
Project expenses - SPECO	-	54
Bank fees - CIC	192	134
Spec VI - debt structure interest	158,755	160,480
Spec VI - expenses	856	-
Community projects	-	8,000
State and national meetings	1,699	5,757
Staff training development, and retreats	-	790
Auto expenses	5,867	8,958
Economic development trips	1,689	1,105
Due and periodicals	228	852
Miscellaneous economic development	965	1,314
Miscellaneous	1,666	-
Marketing	16,654	15,850
Bank fees - Prime Ohio	-	454
Investment fees	390	372
Professional fees	811	74
Maintenance and storage	2,639	3,144
Retreat expenses	-	12,226
Owners Association expenses - Prime Ohio	13,526	31,614
Owners Association fee - Prime Ohio	897	5,328
20th Anniversary	-	2,648
Operations	44,550	48,050
Support for Issue 5	-	6,050
	\$ 321,084	336,622
Administration:		
Administration fee	\$ 234,213	204,733
Depreciation	33,061	61,642
	\$ 267,274	266,375

See independent auditors' report on additional information.

See accompanying notes to the financial statements.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD AND CLARK COUNTY

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
MAY 17, 2001**