CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Mary Taylor, CPA
Auditor of State

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

TABLE OF CONTENTS

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT ACCOUNTANTS' REPORT

Cardington Community Improvement Corporation
Morrow County
P.O. Box 31
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, 2006 and December 31, 2005, and the related statements of activities and cash flows for the years then ended. 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 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*. 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, 2006, and December 31, 2005, 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.
In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2007, 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

August 10, 2007

THIS PAGE INTENTIONALLY LEFT BLANK

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

Assets:	
Cash	$ 507,802
Loans Receivable	53,916
Capital Assets (less accumulated depreciation)	145,450
Total Assets	$707,168
Net Assets:	
Unrestricted Net Assets	707,168
Total Net Assets	$ 707,168

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

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Revenue:	
Rental Income	$ 34,957
Loan Interest	2,519
Earnings on Investments	44,558
Other Revenue	124
Total Revenue	82,158
Expenses:	
General	14,027
Contracted Services	4,584
Depreciation	3,818
Total Expenses	22,429
Increase in Net Assets	59,729
Net Assets, Beginning of Year	647,439
Net Assets, End of Year	$ 707,168

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 YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rentals	$34,957
Cash Received from Loan Principal and Interest	5,682
Cash Received from Other Sources	124
Cash Payments for Goods and Services	(18,611)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,152
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	44,558
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(12,951)
NET INCREASE IN CASH	53,759
CASH, BEGINNING OF YEAR	454,043
CASH, END OF YEAR	$ 507,802

RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in Net Assets	$ 59,729
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	3,818
Interest Reported as Increase in Net Assets	(44,558)
Decrease in Loans Receivable	3,163
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 22,152

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

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

Assets:	
Cash	$ 454,043
Loans Receivable	57,079
Capital Assets (less accumulated depreciation)	136,317
Total Assets	$ 647,439
Net Assets:	
Unrestricted Net Assets	647,439
Total Net Assets	$ 647,439

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

CARDINGTON COMMUNITY IMPROVEMENT CORPORATION
MORROW COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Revenue:	
Rental Income	$ 34,957
Loan Interest	2,808
Earnings on Investments	9,956
Other Revenue	222
Total Revenue	47,943
Expenses:	
General	21,024
Contracted Services	7,398
Depreciation	3,602
Total Expenses	32,024
Increase in Net Assets	15,919
Net Assets, Beginning of Year	631,520
Net Assets, End of Year	$ 647,439

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 YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rentals	$34,957
Cash Received from Loan Principal and Interest	5,997
Cash Received from Other Sources	171
Cash Payments for Goods and Services	(20,794)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,331
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investment	9,956
NET INCREASE IN CASH	30,287
CASH, BEGINNING OF YEAR	423,756
CASH, END OF YEAR	$ 454,043
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in Net Assets	$ 15,919
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	3,602
Interest Reported as Increase in Net Assets	(9,956)
Decrease in Loans Receivable	10,766
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 20,331

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

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 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 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. As of December 31, 2006, and December 31, 2005, 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)(7) and Chapters 1702 and 1724 of the Ohio Revised Code.

2. CAPITAL ASSETS

A summary of capital assets at December 31 follows:

	2006	2005
Land and buildings/improvements	$ 205,976	$ 193,025
Less: accumulated depreciation	(60,526)	(56,708)
Net capital assets	$ 145,450	$ 136,317

3. FAIR VALUE OF LOANS RECEIVABLE

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

During 2006 and 2005 the Corporation had an outstanding loan to a private enterprise. The enterprise experienced financial difficulty and was unable to make payments to the Corporation according to the loan agreement. In February 2007, it was determined that the enterprise would not be able to repay the Corporation, and the remaining principal balance of $7,628 was written off.

These financial statements present this loan as fully written off in 2005.

4. RISK MANAGEMENT

Commercial Insurance

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

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
P.O. Box 31
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, 2006, and 2005, and have issued our report thereon dated August 10, 2007. 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 purpose described in the preceding paragraph 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 misstatements 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 the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than 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. However, we believe finding number 2006-001 is also 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, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 10, 2007

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Material Noncompliance, Significant Deficiency, and Material Weakness

Ohio Rev. Code § 1724.05 requires community improvement corporations to submit annual financial statements prepared using generally accepted accounting principles (GAAP) to the Ohio Auditor of State within 120 days of their fiscal year end.

Financial statements prepared using GAAP enhance the decision making capabilities of officials charged with the operations of the Corporation, and others with regulatory interests in the results of operations and available resources of the Corporation. GAAP basis financial statements provide financial statement users with an accurate financial picture of the Corporation's results of operations and available resources by including accrued assets, liabilities, revenues and expenses.

However, financial information becomes less valuable with the passage of time. This is primarily because accrued revenues and expenses become realized. Those relying upon the Corporation's financial statements may draw different conclusions if GAAP basis financial statements are not completed in a timely and accurate fashion. Untimely financial statements could possibly lead to decision-making which is not in the best interest of the Corporation.

The Corporation did not prepare GAAP-basis financial statements and footnotes for the fiscal years ended December 31, 2006 and 2005. The Corporation filed a copy of the Corporation's cash journal and tax form 990 with the Auditor of State for 2005 and 2006. The 2005 cash journal and tax form 990 was not filed until September 7, 2006, beyond the 120 day deadline prescribed by Ohio Rev. Code § 1724.05. The financial statements presented for 2006 and 2005 were compiled based on the Corporation's cash journal, loan receivable payment schedules, and capital asset listing.

To enhance financial accountability and decision making by the Corporation's management we recommend the Corporation prepare GAAP basis financial statements in an accurate and in a timely fashion as required by the Ohio Revised Code. We also recommend the Corporation implement policies and procedures for the completion and review of the financial statements, including related footnote disclosures.

Officials' Response:
The Cardington CIC was not aware that GAAP basis financial statements were required. We will contact H&R Block Accounting to file this report for us starting in 2007.

Mary Taylor, CPA
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
OCTOBER 2, 2007

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us