



**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2012-2011



Dave Yost • Auditor of State

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Urbancrest Community Improvement Corporation
Franklin County
3651 Lincoln Street
Urbancrest, Ohio 43123

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Urbancrest Community Improvement Corporation, Franklin 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 the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Urbancrest Community Improvement Corporation, Franklin County, Ohio, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows, thereof for the years 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 March 18, 2014, 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.

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

March 18, 2014

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

ASSETS

	<u>2012</u>	<u>2011</u>
<i>Cash</i>	\$ 177,134	\$ 185,480
<i>Investments</i>	-	7,331
<i>Property and Equipment, Net of Accumulated Depreciation</i>	<u>47,079</u>	<u>49,861</u>
Total assets	<u><u>\$ 224,213</u></u>	<u><u>\$ 242,672</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

<i>Due to Other Governments</i>	<u>\$ 100</u>	<u>\$ 8,648</u>
Total liabilities	100	8,648

NET ASSETS

<i>Unrestricted</i>	<u>224,113</u>	<u>234,024</u>
Total liabilities and net assets	<u><u>\$ 224,213</u></u>	<u><u>\$ 242,672</u></u>

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

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

	<u>2012</u>	<u>2011</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
REVENUE AND SUPPORT		
<i>Dividend Income</i>	\$ 304	\$ 669
<i>Interest Income</i>	19	9
	323	678
Total revenue and other support		
EXPENSES		
Supporting Services		
<i>Accounting and Auditing Fees</i>	3,410	11,638
<i>Bank Fees</i>	152	80
<i>Depreciation</i>	2,782	2,781
<i>Filing Fees</i>	100	100
<i>Legal Fees</i>	1,190	485
<i>Occupancy Expense</i>	1,622	346
<i>Other Expense</i>	112	-
<i>Postage</i>	9	-
<i>Repairs & Maintenance</i>	750	830
<i>Penalties</i>	107	-
	10,234	16,260
Total supporting services		
	10,234	16,260
Total expenses		
DECREASE IN UNRESTRICTED NET ASSETS	(9,911)	(15,582)
NET ASSETS, BEGINNING OF YEAR	234,024	249,606
NET ASSETS, END OF YEAR	\$ 224,113	\$ 234,024

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

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Decrease in net assets</i>	\$ (9,911)	\$ (15,582)
<i>Adjustments to reconcile to change in net assets to net cash used by operating activities:</i>		
<i>Depreciation expense</i>	2,782	2,781
<i>Decrease in payables</i>	<u>(8,548)</u>	<u>(681)</u>
Net cash used in operating activities	(15,677)	(13,482)
CASH, BEGINNING OF YEAR	<u>192,811</u>	<u>206,293</u>
CASH, END OF YEAR	<u><u>\$ 177,134</u></u>	<u><u>\$ 192,811</u></u>

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

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**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Urbancrest Community Improvement Corporation (“the Corporation”) was incorporated on June 9, 1998. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Urbancrest, Ohio and the surrounding area.

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.

Basis of Presentation

The Corporation has presented its financial statements in accordance with Generally Accepted Accounting Principles for not-for-profit organizations. Under this guidance, 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 financials do not reflect any activity related to these classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

During fiscal years 2012 and 2011, \$2,782 and \$2,781, respectively, of depreciation expense was attributable to the building.

All reported capital assets except land are depreciated. Depreciation is calculated over the following useful life:

Buildings	20 years
Building Improvements	20 years
Equipment & Fixtures	10 years

Income Taxes

The organization 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.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation believes that the fair value of its financial instruments and payables approximate their carrying value.

NOTE C – CONCENTRATIONS OF CREDIT RISK

The Corporation maintains a cash and investments pool. The carrying amount of cash and investments at December 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Demand deposits	\$ 8,704	\$ 2,244
Government Money Market Mutual Fund	<u>168,430</u>	<u>183,236</u>
Total deposits	<u>177,134</u>	<u>184,480</u>
Certificates of deposit	<u>0</u>	<u>7,331</u>
Total deposits and investments	<u>\$ 177,134</u>	<u>\$ 92,811</u>

Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation has no policy for custodial credit risk. Deposits were insured by the Federal Depository Insurance Corporation.

NOTE D – RELATED PARTIES

During fiscal years 2012 and 2011, Urbancrest Community Improvement Corporation paid a family member of a Board Member \$750 and \$800, respectively, for lawn care services for the Corporation.

NOTE E – SUBSEQUENT EVENT

On February 20, 2014, the Urbancrest CIC entered into a contract for the sale of the CIC's property located at 3497 First Avenue in Grove City, Ohio. The CIC sold 3 parcels of land and the residential building located thereon for a purchase price of \$39,850.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Urbancrest Community Improvement Corporation
Franklin County
3651 Lincoln Street
Urbancrest, Ohio 43123

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 Urbancrest Community Improvement Corporation, Franklin 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 March 18, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of findings to be material weaknesses.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

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.



Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2014

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2012-001
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Supporting Documentation – Material Noncompliance/Material Weakness

Ohio Rev. Code §149.351 states, in part, that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law.”

The Corporation expended public funds to various vendors that did not have supporting documentation (i.e. invoices) for 11 percent of the expenditures made during the audit period. However, alternative procedures were performed to ensure the allowability of these expenditures. Additionally, the Corporation did not provide any cancelled checks for the audit period and failed to provide support for 1 voided check and 8 missing checks noted within the check sequence.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Corporation’s finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose. Additionally, failure to maintain cancelled checks results in not being able to obtain evidence that checks more than \$1,000 are signed by two Board Members as required by internal CIC policies.

We recommend the Corporation ensure proper supporting documentation, including check copies or electronic images, invoices, and any other relevant supporting documentation, is retained to evidence all expenditures made. Such documentation should be received and approved by those with appropriate authority prior to expenditure and should be maintained along with the expenditures to evidence the details of the goods or services purchased.

Finding Number	2012-002
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Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments have been accounted for in the accompanying December 31, 2012 and 2011 financial statements:

1. Reclassification adjustment in fiscal year 2012 and 2011 of accumulated depreciation as property and equipment, net of accumulated depreciation for \$17,451 and \$14,729, respectively.
2. Adjustment in fiscal year 2012 and 2011 to recognize an unrecorded asset and associated depreciation with an increase in property and equipment by \$440 and \$500, respectively, an increase in depreciation expense by \$60 for both years, and a decrease in beginning net assets by \$500 and \$560, respectively.
3. Reclassification adjustment in fiscal year 2012 and 2011 of accounts payable as due to other governments for \$100 and \$8,648, respectively.
4. Adjustment in fiscal year 2011 to decrease beginning net assets and occupancy expense for \$1,132.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2012-002 (Continued)
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Financial Reporting – Material Weakness (Continued)

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Board develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Corporation and thereby increasing the reliability of the financial data throughout the year. We also recommend the Corporation implement additional procedures over the completeness and accuracy of financial information reported within the annual report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

We did not receive Official's Responses for the findings reported above.

**URBANCREST COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN 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; <i>Explain</i>
2010-001	Material Weakness Recommendation for Accurate Financial Reporting	No	Not Corrected – reissued as Finding 2012-002

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URBANCREST COMMUNITY IMPROVEMENT CORPORATION

FRANKLIN 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 13, 2014**