

***CASTLO COMMUNITY IMPROVEMENT
CORPORATION***

MAHONING COUNTY

Regular Audit

For the Year Ended December 31, 2021





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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
CASTLO Community Improvement Corporation
100 South Bridge Street
Struthers, Ohio 44471

We have reviewed the *Independent Auditor's Report* of CASTLO Community Improvement Corporation, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2021. 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. CASTLO Community Improvement Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 12, 2022

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CASTLO Community Improvement Corporation

Mahoning County

For the Year Ended December 31, 2021

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

CASTLO Community Improvement Corporation
Mahoning County
1000 South Bridge Street
Struthers, Ohio 44471

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the CASTLO Community Improvement Corporation, Mahoning County, Ohio (the Corporation), a not-for-profit corporation, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the CASTLO Community Improvement Corporation, Mahoning County, Ohio, as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

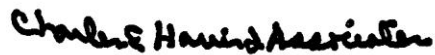
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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.



Charles E. Harris & Associates, Inc.
July 22, 2022

CASTLO Community Improvement Corporation
Statement of Financial Position
December 31, 2021

Assets

Current Assets

Cash & Cash Equivalents	\$	552,757
Total Current Assets		552,757

Noncurrent Assets

Notes Receivable		1,108
Capital Assets:		
Land		5,388,104
Land Improvements		1,739,418
Buildings		381,480
Building Improvements		4,167,502
Railway Improvements		181,408
Furniture, Fixtures & Equipment		16,859
Machinery & Equipment		39,372
Vehicles		23,227
Less Accumulated Depreciation		(6,220,757)
Net Capital Assets		5,716,613
Total Noncurrent Assets		5,717,721
Total Assets	\$	6,270,478

Liabilities

Current Liabilities

Accrued Payroll	\$	1,907
Tenant Security Deposits		24,633
Accrued Liabilities		23,365
Total Current Liabilities		49,905
Total Liabilities		49,905

Net Assets

Without Donor Restrictions		6,220,573
Total Net Assets		6,220,573
Total Liabilities and Net Assets	\$	6,270,478

CASTLO Community Improvement Corporation
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions
<u>Operating Revenues:</u>	
Tenant Rental	\$ 241,804
Refunds & Reimbursements	1,088
Real Estate Taxes	18,822
Electric Users	1,113
CAM Fees	30,639
Miscellaneous Income	15,473
Total Operating Revenue	308,939
 <u>Operating Expenses</u>	
Office Salaries	52,600
Payroll Taxes	4,833
Hospitalization	27,877
Pension	2,633
Park Maintenance	18,684
CIC Management Fee	48,000
Utilities	28,433
Legal	1,851
Accounting	7,175
Auditing	4,235
Professional Fees	9,057
Insurance - General	11,759
Office Expense and Supplies	2,624
Advertising and Promotion	739
Equipment Rental	4,262
CIC Donations	11,842
Office Repairs and Maintenance	130
Repairs - Buildings & Sites	29,808
Landscaping	4,209
Plowing	2,745
Real Estate Taxes	46,080
Printing and Copying	1,346
Dues and Subscriptions	777
Travel/Meetings/Expenses	556
Postage and Freight	510
Auto and Truck	435
Web Management	779
Small Equipment	429
Bank Charges	45
Event Expenses	7,045
Depreciation	36,852
Total General Expenses	368,350
 Operating Income (Loss)	 (59,411)
 <u>Non-Operating Revenues (Expenses):</u>	
Interest Earned	83
Total Non-Operating Revenues (Expenses):	83
 Change in Net Assets	 (59,328)
 Net Assets, Beginning of Year	 6,279,901
 Net Assets, End of Year	 \$ 6,220,573

CASTLO Community Improvement Corporation
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities:

Cash received from customers	\$	241,804
Other operating cash receipts		67,135
Cash paid to suppliers & employees		(328,551)
Net cash provided from operating activities		(19,612)

Cash Flows from Investing Activities:

Payments on note receivable		4,160
Interest Received		83
Net cash provided (used) by investing activities		4,243

Increase (decrease) in cash and cash equivalents		(15,369)
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Cash and Cash Equivalents, Beginning of Year		568,126
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Cash and Cash Equivalents, End of Year	\$	552,757
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Reconciliation of Operating Revenue to Net Cash Provided (Used) by Operating Activities

Operating Income	\$	(59,411)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation		36,852
Increase in accrued liabilities		1,100
Increase in security deposits		2,615
(Decrease) in accrued payroll liabilities		(768)
Total adjustments		39,799

Net Cash Provided (Used) by Operating Activities	\$	(19,612)
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CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

CASTLO Community Improvement Corporation (CASTLO), a non-profit corporation, was created on April 5, 1978 by its three charter members: City of Campbell, the City of Struthers, and the Village of Lowellville as a non-designated Community Improvement Corporation under the laws of the State of Ohio. The purpose of CASTLO is to advance, encourage and promote the industrial, economic, commercial and civic development of Campbell, Struthers, Lowellville, Poland Township and Coitsville Township, Ohio areas.

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

The financial statements of the CIC have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the CIC to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the CIC's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the CIC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

D. REVENUE RECOGNITION

Income from intergovernmental, rental and program fees are recognized over the period to which fees relate.

E. CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flow, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

F. FEDERAL INCOME TAX

The Corporation is an exempt organization under Section 501(c)(4) of the Internal Revenue Code. By virtue of Ohio Law, the Corporation is not subject to Ohio income taxes.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken and recognize a tax liability (or asset) if an uncertain tax position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken by CASTLO Community Improvement Corporation that would require recognition of a liability (or asset) or disclosure in the financial statements. CASTLO Community Improvement Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. CASTLO Community Improvement Corporation's Federal Return of Organization Exempt from Income Tax (Form 990) for 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. PROPERTY, PLANT & EQUIPMENT

Equipment is stated at cost and is depreciated over the estimated useful lives by the straight-line method of financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. When equipment is sold, or otherwise disposed of, the net asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. CASTLO Community Improvement Corporation has determined that the capitalization threshold has been set at \$5,000 for all capital asset classes.

H. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

2. LEASES WHERE COMPANY IS LESSOR

CASTLO leases commercial real estate space in Struthers, Ohio. Leases are granted for month-to-month, yearly, and long-term occupancy. All leases are considered to be operating leases.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial credit risk for deposits is the risk that in the event of bank failure, CASTLO will not be able to recover deposits or collateral securities that are in possession of an outside party. As of December 31, 2021, CASTLO's bank balances of \$552,757 were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

The Corporation's deposits are categorized to give an indication level of risk assumed by CASTLO as of December 31, 2021. The categories are either (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name, or (3) uncollateralized.

Cash and Cash Equivalents at December 31, 2021 were as follows:

Checking and Savings Deposits	<u>\$552,757</u>
Total Cash and Cash Equivalents	\$552,757

4. PENSION PLAN

A Simplified Employee Pension (SEP) is available to all employees with at least three years of employment services. The percentage of each employee's wages, not to exceed 5%, to be put into the pension fund shall be determined by the Board of Directors at each annual meeting. When granted, the SEP shall be immediately and 100% vested with employees. CASTLO's total contribution to employee SEP accounts was \$2,632.97, which is included with Payroll and Benefits on the Statement of Activities.

5. RISK MANAGEMENT

CASTLO is exposed to various risks of loss during the normal course of its operations, including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Corporation maintains comprehensive insurance coverage with private carriers for health, real property, and building contents. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past four years.

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2021

6. CAPITAL ASSETS

Changes in capital assets for the year ended December 31, 2021 consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets				
Land	5,388,104	-	-	5,388,104
Total Non-Depreciable Capital Assets	<u>5,388,104</u>	-	-	<u>5,388,104</u>
Capital Assets				
Building & Improvements	4,548,982	-	-	4,548,982
Land Improvements	1,739,419	-	-	1,739,419
Railway Improvements	181,408	-	-	181,408
Furniture, Fixtures & Equipment	16,859	-	-	16,859
Vehicles	23,227	-	-	23,227
Machinery & Equipment	39,372	-	-	39,372
Total Capital Assets	<u>6,549,267</u>	-	-	<u>6,549,267</u>
	Beginning A/D	Current	Disposals	Ending A/D
Less Accumulated Depreciation				
Building & Improvements	(4,223,310)	(32,784)	-	(4,256,094)
Land Improvements	(1,705,388)	(2,748)	-	(1,708,136)
Railway Improvements	(181,408)	-	-	(181,408)
Furniture, Fixtures & Equipment	(11,201)	(1,320)	-	(12,521)
Vehicles	(23,227)	-	-	(23,227)
Machinery & Equipment	(39,371)	-	-	(39,371)
Total Accumulated Depreciation	<u>(6,183,905)</u>	<u>(36,852)</u>	-	<u>(6,220,757)</u>
Total Depreciable Capital Assets - Net	<u>365,362</u>	<u>(36,852)</u>	-	328,510
Total Capital Assets	<u>5,753,466</u>	<u>(36,852)</u>	-	<u>5,716,614</u>
Depreciation Expense Charge to Operations		<u>36,852</u>		

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2021

7. CONTINGENT LIABILITY

The Corporation participates in several state assisted grants that are subject to financial compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Corporation believes that disallowed claims, if any, will not have a material adverse effect on the Corporation's financial condition.

8. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through July 22, 2022, the date which the financial statements were available to be issued. No events occurred subsequent to the date of the report that would require adjustment or disclosure in the financial statements.

9. Liquidity and Availability

The following represents the CIC financial assets at December 31, 2021:

Financial assets at year end:	
Cash and cash equivalents	<u>\$552,757</u>
Total financial assets	552,757
Financial assets available to meet general expenditures Over the next 12 months	\$552,757

As part of the CIC's liquidity management, its goal generally is to maintain financial assets to meet 290 days of operating expenses.

10. RECLASSIFICATION

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Net assets changed \$60 due to this reclassification.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

CASTLO Community Improvement Corporation
Mahoning County
1000 South Bridge Street
Struthers, Ohio 44471

To the Board of Trustees:

We have audited, 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, the financial statements of the CASTLO Community Improvement Corporation, Mahoning County, Ohio (the Corporation) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated July 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated July 22, 2022.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 22, 2022

OHIO AUDITOR OF STATE KEITH FABER



CASTLO COMMUNITY IMPROVEMENT CORPORATION

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/22/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov