

***CASTLO COMMUNITY
IMPROVEMENT CORPORATION***

MAHONING COUNTY

Regular Audit

For the Year Ended December 31, 2023



OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
CASTLO Community Improvement Corporation
1000 South Bridge Street
Struthers, Ohio 44471

We have reviewed the *Independent Auditor's Report* of the CASTLO Community Improvement Corporation, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. 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 CASTLO Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 09, 2024

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CASTLO Community Improvement Corporation

Mahoning County

For the Year Ended December 31, 2023

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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, 2023, 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, 2023, 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.

Emphasis of Matter

As discussed in Note E to the financial statements, CASTLO has significant changes in its operations ongoing. Our opinion is not modified with respect to this matter.

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 June 11, 2024, 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.
June 11, 2024

CASTLO Community Improvement Corporation
Statement of Financial Position
December 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$	515,353
Total Current Assets		515,353

PROPERTY AND EQUIPMENT

Land		5,388,104
Land Improvements		1,739,419
Buildings		381,480
Building Improvements		4,181,536
Railway Improvements		417,565
Furniture, Fixtures & Equipment		16,859
Machinery and Equipment		39,372
Vehicles		23,227
Total Property and Equipment, at cost		12,187,562
Less Accumulated Depreciation		(6,466,123)
Net Property and Equipment		5,721,439

TOTAL ASSETS	\$	6,236,792
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Tenant Security Deposits		23,614
Accrued Liabilities		2,312
Total Current Liabilities		25,926

TOTAL LIABILITIES		25,926
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NET ASSETS

Without Donor Restrictions		6,210,866
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TOTAL LIABILITIES AND NET ASSETS	\$	6,236,792
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See accompanying notes to the financial statements

CASTLO Community Improvement Corporation
Statement of Activities and Changes in Net Assets
For the Year Ended as of December 31, 2023

	<u>Without Donor Restrictions</u>
OPERATING REVENUE	
Tenant Rental	\$ 256,463
Grants	91,440
Refunds and Reimbursements	7,325
Real Estate Taxes	21,399
CAM Fees	34,519
Real Estate Sale	109,155
Fundraising Income	15,395
Miscellaneous Income	842
Total Operating Revenue	536,538
OPERATING EXPENSES	
Office Salaries	57,240
Payroll Taxes	4,360
Fringe Benefits	16,731
Pension	2,633
Park Maintenance	14,392
CIC Management Fee	48,000
Utilities	24,131
Legal	7,236
Accounting	11,416
Auditing	4,361
Fundraising Expenses	13,395
Insurance - General	13,344
Office Expense and Supplies	4,553
Advertising and Promotion	3,786
Equipment Rental	2,371
Repairs and Maintenance	39,586
Landscaping	18,453
Plowing	3,800
Real Estate Taxes	48,476
Dues and Subscriptions	817
Donations	2,520
Travel/Meetings/Expenses	1,233
Depreciation	200,788
Total Operating Expenses	543,622
Net Change in Net Assets Before Other Income	(7,084)
OTHER INCOME	
Interest Earned	7,658
Total Other Income	7,658
Change in Net Assets	574
NET ASSETS, BEGINNING OF YEAR	6,210,292
NET ASSETS - END OF YEAR	\$ 6,210,866

See accompanying notes to the financial statements

CASTLO Community Improvement Corporation
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities:

Cash received from customers	\$	256,463
Other operating cash receipts		280,075
Cash paid to suppliers & employees		(344,079)
Net cash provided by operating activities		192,459

Cash Flows from Investing Activities:

Purchase of property and equipment		(240,638)
Interest received		7,658
Net cash used by investing activities		(232,980)

Increase in cash and cash equivalents		(40,521)
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Cash and Cash Equivalents, Beginning of Year		555,874
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Cash and Cash Equivalents, End of Year	\$	515,353
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Reconciliation of Operating Revenue to Net Cash Provided (Used) by Operating Activities

Operating (Loss)	\$	(7,084)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation		200,788
Decrease in accrued liabilities		(1,245)
Total adjustments		199,543

Net Cash Provided by Operating Activities	\$	192,459
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See accompanying notes to the financial statements

CASTLO Community Improvement Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

Basis of Accounting

The Corporation uses the accrual method of accounting in accordance with generally accepted accounting principles in the United States of America for financial statements. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

The Organization's financial statements have been prepared in conformity with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities 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 Organization'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 actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by 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 revenues, expenses and other changes in net assets.

Revenue Recognition

CASTLO's primary revenue is from leases of commercial real estate space in Struthers, Ohio. Tenets are also responsible for a calculated portion of common area maintenance (CAM) costs and real estate taxes.

CASTLO Community Improvement Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the Statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash balances in one financial institution. At times, such balances may be in excess of the \$250,000 FDIC limit.

Income Taxes

The Corporation is an exempt organization under Section 501(c)(4) of the Internal Revenue Code and therefore, has no provision for federal income taxes. By virtue of Ohio Law, the Corporation is not subject to Ohio income taxes.

The Corporation follows the accounting standards of FASB ASC 740 for contingencies in evaluating uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. As of December 31, 2023, no liability has been recognized by the Corporation for uncertain tax positions.

The Corporation's tax returns are subject to review by federal and state authorities. With a few exceptions, the Organization is no longer subject to examination by federal or state authorities for years prior to 2019.

Property and Equipment

Property and Equipment are stated at cost and are depreciated over the estimated useful lives by the straight-line method of financial reporting purposes. 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. Depreciation expense for the year ended December 31, 2023 was \$200,788.

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.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2023 advertising expense was \$3,786.

CASTLO Community Improvement Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE B - 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 employer contribution shall be immediately and 100% vested with employees. CASTLO's total contribution to employee SEP accounts was \$2,633 which is recorded as Pension on the Statement of Activities.

NOTE C - DATE OF MANAGEMENT'S REVIEW

The Corporation has evaluated subsequent events through June 11, 2024, the date which the financial statements were available to be issued for events requiring or disclosure in the financial statements for the year ended December 31, 2023. No events occurred subsequent to the date of the report that would require adjustment or disclosure in the financial statements.

NOTE D – AVAILABLE RESOURCES, LIQUIDITY AND NET ASSETS

All cash and investment securities as of December 31, 2023 are available for general use within one year of the statement of financial position.

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

NOTE E – SUBSEQUENT EVENTS

Management Agreement with the Western Reserve Port Authority (WRPA) to expire on 4/30/2024 per the request of the WRPA due to primarily the downsizing of the Park assets. CASTLO Board has, and will continue, to sell assets (land) to prospects relieving the CASTLO administration of management of a majority of the properties. CASTLO will form a subsidiary 501 C3 (pending) to be a conduit to accept and distribute community grants, similar to the mission already established by the CASTLO Community Fund established under the Youngstown Foundation.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY 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, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 11, 2024. We noted significant changes to its operations as described in Note E.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CIC'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 the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CIC'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 CIC'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.

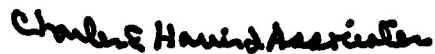
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 CIC'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*.

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 CIC'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 CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 11, 2024

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 7/23/2024

65 East State 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