



Dave Yost • Auditor of State

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT COPROATION
PICKAWAY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Circleville-Pickaway Community Improvement Corporation
Pickaway County
114 W. Franklin Street, P.O. Box 506
Circleville, Ohio 43113

To the Board of Directors:

We have audited the accompanying basic financial statements of the Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio (the CIC), as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the CIC'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 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 Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio, as of December 31, 2010 and 2009, and the changes in its financial position and its cash flows for the year 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 January 24, 2012, on our consideration of the CIC'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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 24, 2012

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**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

ASSETS	2,010	2,009
CURRENT ASSETS		
Cash and cash equivalents	\$ 136,807	\$ 118,785
Certificate of deposit	94,688	89,308
Notes Receivable	4,248	-
Accounts receivable	7,300	29,680
TOTAL CURRENT ASSETS	243,043	237,773
PROPERTY AND EQUIPMENT		
Land	255,000	255,000
Leasehold improvements	23,658	23,658
Computer equipment	8,940	8,940
Office furniture	5,152	5,152
Building	1,000,000	1,000,000
	1,292,750	1,292,750
Accumulated Depreciation	(40,660)	(13,054)
NET PROPERTY AND EQUIPMENT	1,252,090	1,279,696
OTHER ASSETS		
Notes Receivable	11,336	-
TOTAL OTHER ASSETS	11,336	-
TOTAL ASSETS	1,506,469	1,517,469
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	35,872	548
Mortgage Note Payable	18,000	-
Security Deposits Held	3,000	-
Accrued payroll and related taxes	2,227	6,139
TOTAL CURRENT LIABILITIES	59,099	6,687
LONG TERM LIABILITIES		
Mortgage Note Payable	474,500	500,000
TOTAL LIABILITIES	533,599	506,687
NET ASSETS		
Unrestricted	970,978	1,005,343
Temporarily Restricted	1,892	5,439
TOTAL NET ASSETS	972,870	1,010,782
TOTAL LIABILITIES AND NET ASSETS	\$ 1,506,469	\$ 1,517,469

See Accompanying Notes to the Basic Financial Statements

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Grants	\$ 6,350	\$ -	\$ 6,350
Contributions	231,642	-	231,642
Interest income	5,681	-	5,681
In-kind contributions	4,650	-	4,650
Rental Income	7,500	7,500	15,000
Net Assets Released From Restrictions	3,547	(3,547)	-
TOTAL SUPPORT AND REVENUE	<u>259,370</u>	<u>3,953</u>	<u>263,323</u>
EXPENSES:			
Personnel costs	133,494		133,494
Dues and subscriptions	16,323		16,323
Supplies	2,970		2,970
Telephone	2,745		2,745
Meetings	6,150		6,150
Professional fees	15,632		15,632
Marketing	51,717		51,717
Utilities	2,283		2,283
Depreciation	27,606		27,606
Liability insurance	1,140		1,140
Equipment rental	3,634		3,634
Travel and entertainment	3,823		3,823
Repairs and maintenance	449		449
Janitorial	1,240		1,240
Tuition expense	11,057		11,057
Green building expense	9,097		9,097
Payroll processing fees	2,388		2,388
Miscellaneous	1,987		1,987
Loan Repayment	-	7,500	7,500
TOTAL EXPENSES	<u>293,735</u>	<u>7,500</u>	<u>301,235</u>
INCREASE/(DECREASE) IN NET ASSETS	(34,365)	(3,547)	(37,912)
Net assets, beginning of year	<u>1,005,343</u>	<u>5,439</u>	<u>1,010,782</u>
Net assets, end of year	<u>\$ 970,978</u>	<u>\$ 1,892</u>	<u>\$ 972,870</u>

See Accompanying Notes to the Basic Financial Statements

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Grants	\$ 15,341	\$ -	\$ 15,341
Contributions	230,779	-	230,779
Interest Income	7,976	-	7,976
In-kind contributions	7,950	-	7,950
Miscellaneous Income	252	-	252
Net Assets Released From Restrictions	109,003	(109,003)	-
TOTAL SUPPORT AND REVENUE	371,301	(109,003)	262,298
EXPENSES:			
Personnel costs	169,239		169,239
Dues and subscriptions	12,292		12,292
Supplies	4,079		4,079
Telephone	3,590		3,590
Meetings	8,657		8,657
Professional fees	23,554		23,554
Marketing	7,476		7,476
Utilities	2,808		2,808
Depreciation	9,855		9,855
Liability insurance	1,740		1,740
Equipment rental	3,269		3,269
Travel and entertainment	5,436		5,436
Repairs and maintenance	47		47
Janitorial	1,200		1,200
Tuition expense	16,794		16,794
Green building expense	2,254		2,254
Payroll processing fees	1,597		1,597
Miscellaneous	479		479
TOTAL EXPENSES	274,366	-	274,366
INCREASE/(DECREASE) IN NET ASSETS	96,935	(109,003)	(12,068)
Net assets, beginning of year	908,408	114,442	1,022,850
Net assets, end of year	\$ 1,005,343	\$ 5,439	\$ 1,010,782

See Accompanying Notes to the Basic Financial Statements

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (37,912)	\$ (12,068)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation expense	27,606	9,855
Changes in assets and liabilities:		
Accounts Receivable	22,380	433
Notes Receivable	(15,584)	-
Accounts Payable	35,324	(1,991)
Security Deposits Held	3,000	-
Accrued payroll and related taxes	(3,912)	239
Net cash provided by (used for) operating activities	<u>30,902</u>	<u>(3,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of certificates of deposits	-	89,308
Cash invested in certificates of deposits	-	(89,308)
Interest reinvested in certificates of deposits	(5,380)	(1,284)
Cash purchases of property and equipment	-	(608,402)
Net cash provided by (used for) investing activities	<u>(5,380)</u>	<u>(609,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage note payable	(7,500)	-
Net cash provided by(used for) financing activities	<u>(7,500)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	18,022	(613,218)
Cash and cash equivalents at beginning of year	<u>118,785</u>	<u>732,003</u>
Cash and cash equivalents at end of year	<u>\$ 136,807</u>	<u>\$ 118,785</u>

During 2010 and 2009 the CIC received in-kind contributions in the form of contract services in the amounts of \$4,650 and \$7,950, respectively.

See Accompanying Notes to the Basic Financial Statements

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

ORGANIZATION AND NATURE OF ACTIVITIES

The Circleville-Pickaway Community Improvement Corporation (the CIC), doing business as the Pickaway Progress Partnership (P³) is the economic development agent for Pickaway County and its municipalities. P³ has three main objectives: promote and market the advantages of locating business in the County; promote a stronger business environment by facilitating retention and expansion efforts of local employers; and deliver a seamless network of economic development services and value-added programs to existing businesses, local government, and prospective companies throughout Pickaway County. P³ is a non-profit corporation with a board of directors comprised of leaders from the public and private sectors. P³ receives its funding from a variety of investors in the public and private sectors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The CIC's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed. However, contrary to generally accepted accounting principles (GAAP) the CIC does not accrue multi-year pledges at the time the commitment is made, rather the CIC accrues receivables and revenue annually when invoices are sent to donors. The effect of this departure from GAAP is not material to the financial statements. Pledges Receivable represents that portion of pledges which have been invoiced but are unpaid at year end. Management considers economic conditions affecting its donors as well as their historical performance in determining whether or not an allowance for doubtful accounts is necessary. Based on this assessment management believes all amounts recorded are fully collectible.

Net Assets – The CIC has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification Section 958. Accordingly the CIC 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. Net assets of Circleville-Pickaway Community Improvement Corporation and changes therein are classified and reported as follows (the CIC currently has no permanently restricted net assets):

Unrestricted Net Assets - Net assets that are not subject to donor imposed restrictions. This includes amounts from some funding sources that require the funds to be spent on activities within the scope of the CIC.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be met, either by the activities of the CIC or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the CIC. P³ has no permanently restricted net assets.

Income Taxes - The CIC is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Cash and Cash Equivalents - Short-term, highly liquid investments that are readily convertible to known amounts of cash, including money market accounts, and have original maturities of three months or less are considered to be cash equivalents.

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment - All significant expenditures for property and equipment, including renewals and betterments, are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, principally 7 years for furniture and equipment, and 39 years for buildings and leasehold improvements. Donated property and equipment is recorded at fair value at the time of donation if the fair value can be reasonably determined.

Revenue and Expense Recognition - Revenues are recorded in the period for which they are awarded based upon signed contracts. In the absence of a signed contract, revenues are recorded when the cash is received. Revenues received for specific purposes are used in accordance with applicable restrictions. Expenses are included in operations in the period they are incurred.

Contributed Services and Materials - Unpaid volunteers have made significant contributions of their time in the furtherance of the CIC's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. Contributed materials, if significant, are recorded in the statement of activities at the fair market value if readily determinable.

During the years ended December 31, 2008 and 2007, Pickaway County and other organizations made in-kind contributions in the form of office space, professional services, clerical support, materials and supplies and other services. In the event that these contributions could be reasonably valued and quantified, they were recorded in the statement of activities as "In-kind contributions" with offsetting expenses. During 2008, land with a value of \$255,000 was donated to P³ for the purpose of constructing an environmentally friendly commercial building.

Statement of Cash Flows - There were no cash payments for interest or income taxes during the years ended December 31, 2010 and 2009.

The statement of cash flows includes noncash transactions in the form of in-kind contributions and services in the amount of \$4,650 (\$7,950 for 2009). The amount recorded as contributions was offset by expenses of the same amount. There were no contributions of property and equipment for 2010 or 2009.

Concentration of Credit Risk - The CIC's cash balances in financial institutions at times throughout the year may exceed federally insured limits. No losses in such accounts have been experienced and, as a result, management believes it is not exposed to any significant credit risk related to its cash deposits.

The CIC receives some of its support from individuals and businesses operating in Pickaway County. Continued support is somewhat dependent upon economic conditions in that geographic area. In addition, the CIC received a significant amount of its funding during 2008 from government grants for a specific purpose and most likely they are nonrecurring. However, management does not expect the lack of the grants in the future to impair the CIC's ability to continue its operations.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

PLEDGES RECEIVABLE

During 2006, the CIC solicited contributions to be received over a period of time through a formal fund raising campaign. Generally accepted accounting principles requires nonprofit organizations to record these "promises to give" as receivables and revenue at their net realizable value when certain conditions are met, depending on whether they are conditional, unconditional and the period of time involved. Management has not determined the net realizable value of these pledges rather the CIC accrues receivables and revenue annually when invoices are sent to donor.

MORTGAGE NOTE PAYABLE

In May of 2008, the CIC secured a mortgage note from the State of Ohio through the Director of Development. The loan is for the purpose of constructing a "green" commercial building near Ashville, Ohio. The loan term is 15 years and requires no payments for years one through five, unless the building is sold or leased. If leased during that period, P³ is required to pay 50% of the lease proceeds to the State, which will be applied to the outstanding balance of the mortgage note. During years six through fifteen, interest will accrue at an annual rate of 3% plus a service fee of .25%.

At the beginning of the sixth year of the term, 50% of the initial loan principal will be forgiven unless the building is sold at any time during the loan term. If sold at any time during the term of the loan, \$500,000 will be immediately due and payable to the State of Ohio and will reduce the outstanding loan balance. Beginning in year six, the outstanding principal balance will be amortized and paid over the 120 months remaining (years six through fifteen) at the rate stated in the previous paragraph. Regardless of any events, the maximum amount for repayment is \$500,000.

The loan will be secured by a first mortgage on the land and building. In addition, in the event that P³ is unable to meet the monthly mortgage obligation, the Village of Ashville will provide a guarantee of up to \$20,000 annually and Pickaway County will guarantee any remaining unpaid balance.

During 2010 the CIC commenced leases with two tenants; as required in the CIC's mortgage note, the CIC remitted \$7,500, one-half of the rental revenue of \$15,000 received.

RENTAL AGREEMENTS

During 2010 the CIC obtained two tenants for its commercial building near Ashville, Ohio. Both leases are for four-year terms, one beginning in June 2010 and the other in July 2010. The first tenant pays \$1,000 monthly rent and the second tenant pays \$2,000 monthly rent; both tenants pay a small charge for monthly maintenance.

The second tenant has an option to purchase the commercial building for \$650,000 and right of first refusal. If exercised, 65% of this tenant's monthly rent payments will be used to offset the purchase price. The lease also required the parties to make \$34,000 of leasehold improvements, with the CIC and the tenant paying one-half of this cost; the CIC has paid the entire cost, and the tenant is reimbursing the CIC by paying an extra \$354 per month over the remainder of the lease.

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

RENTAL AGREEMENTS (Continued)

Required minimum basic rent payments for years subsequent to 2010 are as follows:

2011		36,000
2012		36,000
2013		36,000
2014		21,000
		<u>\$129,000</u>

The CIC has also entered into leasing arrangements to obtain office equipment, which is classified as an operating lease. Lease expenses charged to operations during 2010 were \$3,634 (\$3,269 for 2009). Required monthly lease payments for years subsequent to 2010 are as follows:

2011		2,448
2012		2,448
2013		408
		<u>\$5,304</u>

RETIREMENT PLAN

The CIC sponsors a qualified defined contribution retirement plan for its employees. Contributions made to the plan and recorded in the statement of activities for 2010 were \$9,885 (\$6,948 for 2009).



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

Circleville-Pickaway Community Improvement Corporation
Pickaway County
114 W. Franklin Street, P.O. Box 506
Circleville, Ohio 43113

To the Board of Directors:

We have audited the financial statements of the business-type activities of the Circleville-Pickaway Community Improvement Corporation, Pickaway County, (the CIC) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated January 24, 2012. 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 CIC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the CIC's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the CIC's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the CIC's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the CIC'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Circleville-Pickaway Community Improvement Corporation
Pickaway County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We noted a certain matter not requiring inclusion in this report that we reported to the CIC's management in a separate letter dated January 24, 2012.

We intend this report solely for the information and use of management, the Board of Directors, and others within the CIC. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

January 24, 2012

**CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Statement Adjustments – Material Weakness – audit adjustments were required.	Yes	

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CIRCLEVILLE PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

PICKAWAY 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
FEBRUARY 9, 2012**