

***CASTLO COMMUNITY IMPROVEMENT
CORPORATION***

MAHONING COUNTY

Regular Audit

For the Year Ended December 31, 2020





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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 the CASTLO Community Improvement Corporation, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. 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.

Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2021

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CASTLO Community Improvement Corporation

Mahoning County

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

CASTLO Community Improvement Corporation
Mahoning County
100 South Bridge Street
Struthers, OH 44471

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the CASTLO Community Improvement Corporation, Mahoning, County, Ohio (the CIC), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

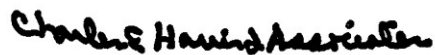
In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the CASTLO Community Improvement Corporation, Mahoning County, Ohio, as of December 31, 2020, and the changes in financial position and cash flows, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the CIC. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, 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. The purpose of that report is 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 CIC'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 CIC's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 23, 2021

CASTLO Community Improvement Corporation
Statement of Financial Position
December 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 568,126
Total Current Assets	568,126

Noncurrent Assets

Notes receivable	5,328
Capital assets:	
Land	5,388,104
Land improvements	1,739,419
Buildings	381,480
Buildings and improvements	4,167,502
Railway improvements	181,408
Furniture, fixtures and equipment	16,859
Machinery and equipment	39,372
Vehicles	23,227
Less: accumulated depreciation	(6,183,905)
Net capital assets	5,753,466
Total Noncurrent Assets	5,758,794
Total Assets	6,326,920

Liabilities

Current Liabilities

Accrued payroll expenses	2,675
Other accrued liabilities	22,265
Tenant security deposits	22,018
Total Current Liabilities	46,958
Total Liabilities	46,958

Net Assets

Without donor restrictions	6,279,962
Total Net Assets	6,279,962
Total Liabilities and Net Assets	\$ 6,326,920

The accompanying notes are an integral part of the financial statements.

CASTLO Community Improvement Corporation
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions
<u>Operating Revenues:</u>	
Tenant rental	\$ 243,276
Refunds and reimbursements	33,420
Miscellaneous income	11,137
Site maintenance fees	18,114
Total Operating Revenue	305,947
<u>Operating Expenses:</u>	
Office salaries	51,392
Payroll taxes	4,646
Hospitalization	22,503
Employee benefit program	1,289
Utilities	26,058
Legal and professional	8,252
Accounting	6,870
Auditing	4,109
Insurance	11,933
Office expense and supplies	7,388
Bank charges	50
Advertising	1,933
Equipment rental	6,263
Donations	7,930
Site cleanup and environmental costs	564
Maintenance supplies	1,231
Repairs and maintenance	46,442
Real estate taxes	46,127
CIC management fee	49,000
Professional Services	3,023
Dues and subscriptions	1,234
Travel and meetings	598
Postage and freight	330
Auto and truck	223
Depreciation	36,878
Total Operating Expenses	346,266
Operating Income (Loss)	(40,319)
<u>Non-Operating Revenues (Expenses):</u>	
Gain on disposal of assets	196,156
Interest income (expense)	278
Forgiveness of Notes Receivable	(97,177)
Total Non-Operating Revenues (Expenses)	99,257
Change in Net Assets	58,938
Net Assets, Beginning of Year	6,221,024
Net Assets, End of Year	\$ 6,279,962

The accompanying notes are an integral part of the financial statements.

CASTLO Community Improvement Corporation

Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 243,276
Other operating cash receipts	62,671
Cash payments to suppliers and employees	<u>(305,485)</u>
Net cash provided (used) by operating activities	462
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Purchases of property and equipment	<u>(28,085)</u>
Net cash provided (used) by operating activities	(28,085)
<u>Cash Flows from Investing Activities:</u>	
Interest Received	1,418
Sale of Property	196,156
Note Receivable Payments	<u>17,499</u>
Net cash provided (used) by investing activities	215,073
Increase (decrease) in cash and cash equivalents	187,450
Cash and Cash Equivalents, Beginning of Year	<u>380,676</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 568,126</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</u>	
Operating income	\$ (40,319)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:	
Depreciation	36,878
Increase (Decrease) in Accrued liabilities	3,941
Increase (Decrease) in Accrued payroll liabilities	(70)
Increase (Decrease) in Tenant security deposits	<u>32</u>
Total adjustments	<u>40,781</u>
Net cash provided (used) by operating activities	<u><u>\$ 462</u></u>

The accompanying notes are an integral part of the financial statements.

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 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.

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, 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 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

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, 2020, CASTLO's bank balances of \$568,126 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.

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Corporation's deposits are categorized to give an indication level of risk assumed by CASTLO as of December 31, 2020. 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, 2020 were as follows:

Checking and Savings Deposits	<u>\$ 568,126</u>
Total Cash and Cash Equivalents	<u>\$ 568,126</u>

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 \$1,289, which is included in employee benefit program 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, 2020

6. CAPITAL ASSETS

Note F - Capital Assets

Changes in capital assets for the year ended December 31, 2020 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	5,388,104	-	-	5,388,104
Capital Assets				
Building & Improvements	4,542,153	\$6,829	-	4,548,982
Land Improvements	1,718,162	21,257	-	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	6,521,181	28,086	-	6,549,267
	Beginning A/D	Current	Disposals	Ending A/D
Less Accumulated Depreciation				
Building & Improvements	(4,190,245)	(33,065)	-	(4,223,310)
Land Improvements	(1,703,313)	(2,075)	-	(1,705,388)
Railway Improvements	(181,408)	-	-	(181,408)
Furniture, Fixtures & Equipment	(9,790)	(1,411)	-	(11,201)
Vehicles	(23,227)	-	-	(23,227)
Machinery & Equipment	(39,044)	(327)	-	(39,371)
Total Accumulated Depreciation	(6,147,027)	(36,878)	-	(6,183,905)
Total Capital Assets - Net	\$5,762,258	(8,792)	-	\$5,753,466

CASTLO Community Improvement Corporation

Mahoning County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 June 23, 2021, 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, 2020:

Financial assets at year end:	
Cash and cash equivalents	<u>\$ 568,126</u>
Total financial assets	568,126

Financial assets available to meet general expenditures	
Over the next 12 months	\$568,126

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

10. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the CIC. In addition, the impact on the CIC's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**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
100 South Bridge Street
Struthers, OH 44471

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States 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 CIC) which comprise the statement of financial position as of December 31, 2020, and the statements of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated June 23, 2021 wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the CIC.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on 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 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, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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 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 CIC's management in a separate letter dated June 23, 2021.

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 23, 2021

CASTLO Community Improvement Corporation
Mahoning County
Schedule of Prior Audit Findings
(Prepared by Management)
For the Year Ended December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Audit Adjustments and Reclassifications	Partially Corrected	

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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 9/14/2021

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