

Financial Statements
And
Independent Auditor's Report

Community Improvement Corporation of Greene County

December 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Community Improvement Corporation of Greene County
61 Greene Street
Xenia, Ohio 45385

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Greene County, prepared by Harvey L. Harris, for the audit period January 1, 2001 through December 31, 2001. 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 Community Improvement Corporation of Greene County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 22, 2002

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Community Improvement Corporation of Greene County
OFFICERS AND TRUSTEES
December 31, 2001

OFFICERS

President - John Finlay	Attorney
Vice-President - Thomas Koogler	Business Executive
Treasurer - Ralph Harper	County Commissioner
Secretary - Patricia Hobbs	Greene Co. Department of Development

TRUSTEES

Julia Ables	Business Executive
Sandy Anderson	Business Executive
Dale F. Grimes	Economic Growth Corporation Chairman
Mark Guess	Agriculture
Kathryn Hagler	County Commissioner
W. Reed Madden	County Commissioner
Steve Stapleton	Greene County Administrator

Harvey L. Harris
Certified Public Accountant
808 East Franklin Street
Dayton, Ohio 45459
(937)436-9557

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Greene County

I have audited the accompanying statement of financial position of the Community Improvement Corporation of Greene County (a nonprofit organization) as of December 31, 2001 and the related statements of activities and cash flows for the year then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Community Improvement of Greene County as of December 31, 2001 and the changes in its net assets 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*, I have also issued a report dated February 20, 2002 on my consideration of the Community Improvement Corporation of Greene County's internal control structure and its compliance with laws and regulations.

Harvey L. Harris, CPA

February 20, 2002

Community Improvement Corporation of Greene County
STATEMENT OF FINANCIAL POSITION
December 31, 2001

ASSETS

Cash		\$ 285,825
Notes receivable		24,473
Accounts receivable		15,800
Accrued interest receivable		1,708
Restricted cash		150,000
Computer equipment - at cost	\$ 6,524	
Less accumulated depreciation	<u>6,358</u>	<u>166</u>
		<u>\$ 477,972</u>

LIABILITIES AND NET ASSETS

Commitment		\$ -
Net assets		
Unrestricted		392,422
Temporarily restricted		<u>85,550</u>
		<u>\$ 477,972</u>

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
 STATEMENT OF ACTIVITIES
 Year ended December 31, 2001

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Grants received	\$ 175,000	\$ -	\$ 175,000
Rents received	10,646	-	10,646
Interest income	9,643	2,761	12,404
Other income	917	117	1,034
Net assets released from restrictions	<u>12</u>	<u>(12)</u>	<u>-</u>
 Total revenue	 196,218	 2,866	 199,084
 Program and administrative expenses			
Retention and expansion programs	500	-	500
Image promotion	100,171	-	100,171
Support services and staff development	165	-	165
Administration	5,433	-	5,433
Development projects	22,620	-	22,620
Rental property expenses	1,334	-	1,334
Depreciation	<u>332</u>	<u>-</u>	<u>332</u>
 Total expenses	 <u>130,555</u>	 <u>-</u>	 <u>130,555</u>
 Change in net assets	 65,663	 2,866	 68,529
 Net assets at January 1, 2001	 <u>326,759</u>	 <u>82,684</u>	 <u>409,443</u>
 Net assets at December 31, 2001	 <u>\$ 392,422</u>	 <u>\$ 85,550</u>	 <u>\$ 477,972</u>

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
 STATEMENT OF CASH FLOWS
 Year ended December 31, 2001

CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in net assets	\$ 68,529
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	332
(Increase) decrease in operating assets	
Accounts receivable	(15,800)
Accrued interest receivable	<u>(1,708)</u>
 Net cash provided by operations	 51,353
 CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
Advances on notes receivable	(11,800)
Collections on notes receivable	11,642
Transfer of cash for loan guarantee	<u>(150,000)</u>
 Net cash used by investing activities	 <u>(150,158)</u>
 Decrease in cash	 (98,805)
 Cash at January 1, 2001	 <u>384,630</u>
 Cash at December 31, 2001	 <u>\$ 285,825</u>

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the community. The Organization makes loans to companies located in Greene County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

1. Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization 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.

2. Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities with a maturity of three months or less to be cash equivalents.

3. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by the straight-line method.

4. Income Taxes

The Organization is an agency of Greene County, Ohio and is, therefore, exempt from income taxes under Internal Revenue Code Section 501(c)(4).

5. 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.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE B - CONCENTRATION OF CREDIT RISK

The Agency maintains cash balances at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2001, the Agency's uninsured cash balances total \$204,143. It is the opinion of management that the solvency of these financial institutions is not a concern at this time.

NOTE C - NOTES RECEIVABLE

The Organization has a 6.25% note receivable from Adtech Systems Research, Inc. for \$8,068. The note is unsecured, but stipulates a personal guaranty as well as provisions for repayment under disastrous or delirious circumstances. The note is payable in quarterly installments of \$2,774 (including interest) through August, 2002.

The Organization has five loans made during 2000 and 2001 under the Greene County Microenterprise Loan Program. The program is intended to provide loans to low to moderate income business owners for use in acquiring facilities and equipment, paying start-up costs and providing working capital. The loans made during 2000 and 2001 range from \$350 to \$10,800 and are all payable over 36 months with interest at 10%. The loans are secured by the equipment purchased and certain personal assets of the borrowers.

NOTE D - RESTRICTED CASH

In conjunction with the Greene County Board of Commissioners, the Organization has established a deposit account with a local financial institution in the amount of \$150,000 to guarantee a loan made by the institution to Snow Aviation International, Inc., a local company. The Organization contributed \$75,000 of the funds with the balance received from a grant from Greene County. The Organization has a second lien position on Snow Aviation International, Inc.'s assets as collateral for the deposit. The loan is for one year and is payable in October, 2002.

NOTE E - RESTRICTIONS ON NET ASSETS

Grant revenues are reported as temporarily restricted support if they are received with stipulations that limit the use of the revenue. Temporarily restricted net assets at December 31, 2001 consist of funds received from a State of Ohio Community Development Block Grant and for the Greene County Microenterprise Loan Program.

SUPPLEMENTAL INFORMATION

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE F - GRANT REVENUE

During 2001, the Greene County Board of Commissioners utilized the Community Improvement Corporation of Greene County as a pass-through agency for the County's support of the Children's Medical Center Charity Benefit/LPGA Champions Classic golf tournament. In this capacity, the Organization received \$100,000 of grant revenue from the County, and in turn disbursed the funds to the event.

Also during 2001, \$75,000 was received from the Greene County Board of Commissioners which was used for the loan guarantee deposit account for Snow Aviation.

NOTE G - DONATED SERVICES

The Organization has no paid employees; time spent on its activities by the Officers and Trustees of the Organization is donated by local businesses, Greene County and the individuals themselves. The value of the donated services has not been recorded in the financial statements at December 31, 2001.

NOTE H - COMMITMENT

The Organization has committed to provide up to \$31,000 to fund a feasibility study for the establishment of the Greene County Community Foundation. During 2001, \$12,500 was paid toward this commitment.

NOTE I - RENTS RECEIVED

The Greene County Board of Commissioners has assigned the rents from two tenants of a building owned by the County to the Organization. The leases are on a month-to-month basis and provide for rents of \$400 and \$410 per month on the property. The Organization pays the real estate taxes and other expenses associated with the leased property.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Community Improvement Corporation of Greene County

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of the Community Improvement Corporation of Greene County for the year ended December 31, 2001, which are presented in the preceding section of this report. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. The supplemental information presented hereinafter is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harvey L. Harris, CPA

February 20, 2002

Community Improvement Corporation of Greene County
 SCHEDULE OF FINANCIAL POSITION BY ACCOUNT
 December 31, 2001

	CDBG Revolving Loan Fund <u>account</u>	Campaign for Greene County <u>account</u>	CIC <u>account</u>
ASSETS			
Cash	\$ 33,961	\$ 172,035	\$ 79,829
Note receivable	8,068	-	16,405
Accounts receivable	15,000	800	-
Accrued interest receivable	63	237	1,408
Restricted cash	-	150,000	-
Computer equipment - at cost	-	6,524	-
Less accumulated depreciation	<u>-</u>	<u>6,358</u>	<u>-</u>
	<u>-</u>	<u>166</u>	<u>-</u>
	<u>\$ 57,092</u>	<u>\$ 323,238</u>	<u>\$ 97,642</u>
 NET ASSETS	 <u>\$ 57,092</u>	 <u>\$ 323,238</u>	 <u>\$ 97,642</u>

Community Improvement Corporation of Greene County
SCHEDULE OF ACTIVITIES
BY ACCOUNT
Year ended December 31, 2001

	CDBG Revolving Loan Fund <u>account</u>	Campaign for Greene County <u>account</u>	CIC <u>account</u>
Grants received	\$ -	\$ 175,000	\$ -
Rents received	-	10,646	-
Interest income	1,216	6,648	4,540
Other income	<u>-</u>	<u>417</u>	<u>617</u>
	1,216	192,711	5,157
Program and administrative expenses			
Retention and expansion programs	-	500	-
Image promotion	-	100,171	-
Support services and staff development	-	165	-
Administration	3	84	5,346
Development projects	-	22,620	-
Rental property expenses	-	1,334	-
Depreciation	<u>-</u>	<u>332</u>	<u>-</u>
Total expenses	<u>3</u>	<u>125,206</u>	<u>5,346</u>
Increase (decrease) in net assets	1,213	67,505	(189)
Net assets at January 1, 2001	<u>55,879</u>	<u>255,733</u>	<u>97,831</u>
Net assets at December 31, 2001	<u>\$ 57,092</u>	<u>\$ 323,238</u>	<u>\$ 97,642</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Community Improvement Corporation of Greene County

I have audited the financial statements of the Community Improvement Corporation of Greene County (a nonprofit organization) as of and for the year ended December 31, 2001, and have issued my report thereon dated February 20, 2002. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Community Improvement Corporation of Greene County's financial statements are free of material misstatement, I performed tests of its compliance with certain laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Community Improvement Corporation of Greene County's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Harvey L. Harris, CPA

February 20, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
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COMMUNITY IMPROVEMENT CORPORATION OF GREENE COUNTY

GREENE 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
SEPTEMBER 10, 2002**