

**COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
OCTOBER 31, 2007 AND 2006**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Community Improvement Corporation  
of Tuscarawas County  
1323 Fourth Street NW  
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Tuscarawas County, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period November 1, 2006 through October 31, 2007. 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 Tuscarawas County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 17, 2008

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COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY  
NEW PHILADELPHIA, OHIO

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January 2, 2008

Board of Trustees of  
Community Improvement Corporation  
of Tuscarawas County  
New Philadelphia, Ohio

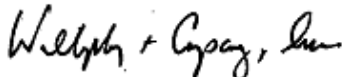
INDEPENDENT AUDITORS' REPORT

We have audited the statements of financial position of Community Improvement Corporation of Tuscarawas County (a nonprofit organization), as of October 31, 2007 and 2006, and the related statements of activities and changes in net assets and the statements of cash flows for the years then ended. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 that our audits provide 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 Community Improvement Corporation of Tuscarawas County, as of October 31, 2007 and 2006, and the changes in net assets and its cash flows for the years 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 2, 2008, on our consideration of the Community Improvement Corporation of Tuscarawas County's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 internal control over financial reporting and compliance. That report is an integral part of an audit performed with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.



WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY

STATEMENTS OF FINANCIAL POSITION  
AS OF OCTOBER 31,

ASSETS

	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 317,646	\$ 32,182
Certificates of deposit	0	79,921
Rent receivable	7,505	0
Interest receivable	0	238
Total current assets	325,151	112,341
<b>PROPERTY AND EQUIPMENT:</b>		
Buildings & improvements	331,418	331,418
Office equipment	2,493	2,493
	333,911	333,911
Less: accumulated depreciation	331,434	330,118
	2,477	3,793
Land	514,680	514,680
Net property and equipment	517,157	518,473
<b>OTHER ASSETS:</b>		
Workers' compensation deposit	1,000	1,000
Total other assets	1,000	1,000
Total assets	<u>\$ 843,308</u>	<u>\$ 631,814</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY

STATEMENTS OF FINANCIAL POSITION  
AS OF OCTOBER 31,

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 74,051	\$ 0
Accrued payroll liabilities	18	56
Advance rent	<u>0</u>	<u>956</u>
Total current liabilities	74,069	1,012
<b>LONG-TERM LIABILITIES:</b>		
Note payable - Tuscarawas County Commissioners	<u>75,000</u>	<u>0</u>
Total long-term liabilities	<u>75,000</u>	<u>0</u>
Total liabilities	149,069	1,012
<b>NET ASSETS:</b>		
Unrestricted	551,429	630,802
Temporarily restricted	<u>142,810</u>	<u>0</u>
Total net assets	<u>694,239</u>	<u>630,802</u>
Total current liabilities and net assets	<u>\$ 843,308</u>	<u>\$ 631,814</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants



**COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED OCTOBER 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE:</b>			
Rent	\$ 45,900	\$ 0	\$ 45,900
Grants	0	686,003	686,003
Royalties	1,919	0	1,919
Service Fees	0	2,883	2,883
Miscellaneous	2,068	0	2,068
Interest earned	2,149	0	2,149
	<u>52,036</u>	<u>688,886</u>	<u>740,922</u>
<b>EXPENSES:</b>			
Wages	62,990	0	62,990
Taxes - payroll	4,911	0	4,911
Taxes - real estate	6,444	0	6,444
Depreciation	1,317	0	1,317
Meetings & seminars	668	0	668
Rent & service fee	3,600	0	3,600
Phase site costs - Technology Park	0	493,193	493,193
TedNet	0	22,883	22,883
Broadband	0	50,000	50,000
Professional fees	6,059	0	6,059
Miscellaneous	0	0	0
Insurance - general	3,887	0	3,887
Insurance - group	9,345	0	9,345
Insurance - workers' compensation	224	0	224
Membership dues	968	0	968
Office supplies & postage	1,142	0	1,142
Repairs & maintenance	0	0	0
Telephone	759	0	759
Travel	2,628	0	2,628
Advertising & marketing	2,267	0	2,267
Clerical support & equipment lease	4,200	0	4,200
Total expenses	<u>111,409</u>	<u>566,076</u>	<u>677,485</u>
Change in net assets	(59,373)	122,810	63,437
NET ASSETS, beginning of year	630,802	0	630,802
Transfer	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 551,429</u>	<u>\$ 142,810</u>	<u>\$ 694,239</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED OCTOBER 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE:</b>			
Rent	\$ 45,900	\$ 0	\$ 45,900
Grants	14,231	0	14,231
Royalties	2,518	0	2,518
Service Fees	0	0	0
Miscellaneous	0	0	0
Interest earned	<u>1,762</u>	<u>0</u>	<u>1,762</u>
	64,411	0	64,411
<b>EXPENSES:</b>			
Wages	63,000	0	63,000
Taxes - payroll	4,912	0	4,912
Taxes - real estate	6,707	0	6,707
Depreciation	3,814	0	3,814
Meetings & seminars	362	0	362
Rent & service fee	3,600	0	3,600
Phase site costs - Technology Park	6,975	0	6,975
TedNet	0	0	0
Broadband	0	0	0
Professional fees	15,558	0	15,558
Miscellaneous	7	0	7
Insurance - general	3,887	0	3,887
Insurance - group	9,170	0	9,170
Insurance - workers' compensation	143	0	143
Membership dues	1,115	0	1,115
Office supplies & postage	2,075	0	2,075
Repairs & maintenance	0	0	0
Telephone	406	0	406
Travel	1,844	0	1,844
Advertising & marketing	8,013	0	8,013
Clerical support & equipment lease	<u>4,200</u>	<u>0</u>	<u>4,200</u>
Total expenses	135,788	0	135,788
Change in net assets	(71,377)	0	(71,377)
NET ASSETS, beginning of year	702,179	0	702,179
Transfer	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 630,802</u>	<u>\$ 0</u>	<u>\$ 630,802</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED OCTOBER 31,**

	<u>2007</u>	<u>2006</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Changes in net assets	\$ 63,437	\$ (71,377)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	1,317	3,814
Reinvested earnings on investments	(1,130)	(1,951)
(Increase) decrease in operating assets:		
Rent receivable	(7,505)	7,650
Interest receivable	238	794
Increase (decrease) in operating liabilities:		
Accounts payable	74,051	0
Advance rent	(956)	956
Accrued expenses	(38)	0
Net cash provided (used) by operating activities	<u>129,414</u>	<u>(60,114)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from certificates of deposit	<u>81,050</u>	<u>68,565</u>
Net cash provided by investing activities	<u>81,050</u>	<u>68,565</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from note payable	<u>75,000</u>	<u>0</u>
Net cash provided by financing activities	<u>75,000</u>	<u>0</u>
Increase in cash	285,464	8,451
CASH, beginning of year	<u>32,182</u>	<u>23,731</u>
CASH, end of year	<u>\$ 317,646</u>	<u>\$ 32,182</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

The Community Improvement Corporation of Tuscarawas County (the Organization) was formed to advance, encourage, and promote the industrial, economic, commercial and civic development of Tuscarawas County. The Organization has agreements with various companies within Tuscarawas County and grants credit to these companies for products and services.

**METHOD OF ACCOUNTING**

The Organization prepares its financial statements on the accrual basis of accounting.

**FINANCIAL STATEMENT PRESENTATION**

The Organization previously adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, the Agency 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. In addition, the Organization is required to present a statement of cash flows. The Organization had unrestricted net assets and temporarily restricted net assets at October 31, 2007. The Organization only had unrestricted net assets at October 31, 2006.

**ACCOUNTS RECEIVABLE**

The Organization uses the reserve method of accounting for doubtful accounts. The allowance for doubtful accounts is calculated based on prior experience and the age of accounts as of the balance sheet date. The allowance for doubtful accounts was \$0 for years ending October 31, 2007 and 2006.

**PROPERTY AND EQUIPMENT**

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

<u>DESCRIPTION</u>	<u>USEFUL LIVES</u>	<u>METHOD</u>
Buildings & improvements	10 - 30 years	Straight line
Office equipment	5 years	Straight line

**DONATIONS**

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

**TAX STATUS**

As a non-profit Organization under Section 501(c)(6) of the Internal Revenue Code, the Agency is exempt from federal and Ohio income taxes. Therefore, no provision has been made for federal or Ohio income taxes in the accompanying financial statements.

COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH EQUIVALENTS

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

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 COSTS

The Organization expenses the production costs of advertising the first time the advertising takes place.

NOTE 2: NOTE PAYABLE

During October 2007, the Organization obtained a loan for working capital from the Tuscarawas County Commissioners. The maximum that can be borrowed is \$150,000. The first installment of \$75,000 was advanced in October. The remaining amounts can be borrowed in \$25,000 increments, as needed. Interest rate is 3%. The note matures in eighteen months or when the Organization is able to sell its commercial building. The Organization does not anticipate that the building sale will occur within the next twelve months. Therefore, the loan amount is being shown as a long-term liability on the statements of financial position.

NOTE 3: COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and paid sick days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the cost of compensated absences when actually paid to employees. Management estimates that this method does not materially impact the financial statements.

NOTE 4: RENTAL AGREEMENTS

INCOME

The Organization has an agreement to lease its Florence Avenue building to R & M Trans, Inc. for a period of two years beginning April 2004 and ending March 2006 at \$3,825 per month. As written within the lease agreement, the tenant has exercised its option to renew the lease for an additional one year period that now will expire March 2007. Starting April 2007, the tenant is now renting the building on a month-to-month basis. Rental income for both years ended October 31, 2007 and 2006 was \$45,900.

EXPENSE

The Organization leases office space, secretarial services, and equipment from the Tuscarawas County Chamber of Commerce on an ongoing basis. Lease payments were \$5,400 (\$3,600 in rental, \$1,200 of clerical support, and \$600 for equipment/services use) per year through October 31, 2007 and 2006.

**COMMUNITY IMPROVEMENT CORPORATION  
OF TUSCARAWAS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5: CONCENTRATION OF CREDIT RISK AND OFF BALANCE SHEET RISK**

The Organization maintains its programs within Tuscarawas County, Ohio geographical area. The performance of its operational activities are dependent on the performance of participating companies. The results of these companies and the operations of the Organization's projects are dependent on the economic conditions of the local trade area.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash instruments with local financial institutions. The account at the institutions is insured by the Federal Deposit Insurance Corporation (FDIC). During the year of October 31, 2007, the Organization had uninsured cash balances.

January 2, 2008

Board of Trustees of  
Community Improvement Corporation  
of Tuscarawas County  
New Philadelphia, Ohio

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

We have audited the financial statements of Community Improvement Corporation of Tuscarawas County (the Organization) as of and for the year ended October 31, 2007 and 2006, and have issued our report thereon dated January 2, 2008. We conducted our audits 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 audits, we considered Organization's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Organization's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Organization's internal control will not prevent or detect a material financial statement misstatement.

Community Improvement Corporation of Tuscarawas County  
Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 obtaining reasonable assurance about whether the Organization'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 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

*Willoughby + Company, Inc.*

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants





**Mary Taylor, CPA**  
Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS COUNTY**

**TUSCARAWAS 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  
APRIL 29, 2008**