

**COMMUNITY IMPROVEMENT CORPORATION OF
TUSCARAWAS COUNTY**

AUDIT REPORT

For the years ended October 31, 2011 and 2010

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Directors
Community Improvement Corporation of Tuscarawas County
330 University Drive NE
New Philadelphia, Ohio 44663

We have reviewed the *Report of Independent Accountants* of the Community Improvement Corporation of Tuscarawas County, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period November 1, 2009 through October 31, 2011. 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.

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

Dave Yost
Auditor of State

March 23, 2012

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COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS COUNTY
AUDIT REPORT
For the Years Ended October 31, 2011 and 2010

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1
Statements of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to the Financial Statements	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required <i>Government Auditing Standards</i>	8
Schedule of Prior Audit Findings	10

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**Community Improvement Corporation of Tuscarawas County
Tuscarawas County
330 University Drive N.E.
New Philadelphia, Ohio 44663**

To the Board of Trustees:

We have audited the financial statements of the Community Improvement Corporation of Tuscarawas County (a nonprofit organization), Tuscarawas County, Ohio as of and for the years ended October 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Organization'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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the financial position of the Community Improvement Corporation of Tuscarawas County as of October 31, 2011 and 2010 and the changes in its net assets and 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 26, 2012, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 26, 2012

**COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS COUNTY
STATEMENTS OF FINANCIAL POSITION
AS OF OCTOBER 31,**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 62,101	\$ 33,213
Receivables:		
Accounts Receivable	<u>3,330</u>	<u>3,526</u>
<u>Total Current Assets</u>	65,431	36,739
<u>Other Assets</u>		
Workers' Compensation Deposit	1,000	1,000
<u>Capital Assets</u>		
Land and Improvements	508,799	508,799
Office Equipment	1,970	1,970
Less Accumulated Depreciation	<u>(2,188)</u>	<u>(1,442)</u>
<u>Total Capital Assets</u>	<u>508,581</u>	<u>509,327</u>
TOTAL ASSETS	<u>\$ 575,012</u>	<u>\$ 547,066</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accrued Payroll Taxes	<u>285</u>	<u>87</u>
<u>Total Current Liabilities</u>	<u>\$ 285</u>	<u>\$ 87</u>
<u>Long-Term Liabilities</u>		
Note Payable-Tuscarawas County Commissioners	<u>\$ 150,000</u>	<u>\$ 75,000</u>
TOTAL LIABILITIES	<u>\$ 150,285</u>	<u>\$ 75,087</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 424,727</u>	<u>\$ 471,979</u>
TOTAL NET ASSETS	<u>\$ 575,012</u>	<u>\$ 547,066</u>

The notes to the financial statements are an integral part of these statements.

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

	2011	2010
<u>REVENUE:</u>		
Grants	\$ 39,100	\$ 5,000
Royalties	1,281	2,005
Miscellaneous	700	1,100
Interest Earned	165	182
Donations	34,150	0
TOTAL REVENUES	75,396	8,287
<u>EXPENSES:</u>		
Wages	73,500	74,500
Taxes-Payroll	5,787	5,854
Taxes-Real Estate	64	63
Depreciation	746	746
Meeting and Seminars	150	1,380
Rent and Service Fee	1	1
Phase Site Costs-Technology Park	15,339	9,265
Professional Fees	14,230	11,787
Insurance-General	3,743	3,743
Insurance-Workers' Compensation	276	247
Membership Dues	338	593
Office Supplies and Postage	1,928	1,242
Telephone	1,241	1,193
Travel	1,179	2,422
Repairs and Maintenance	0	5,000
Advertising and Marketing	4,126	28,958
Miscellaneous	0	59
TOTAL EXPENSES	122,648	147,053
Changes in Net Assets	(47,252)	(138,766)
Net Assets Beginning of Year	471,979	610,745
Net Assets End of Year	\$ 424,727	\$ 471,979

The notes to the financial statements are an integral part of these statements.

COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS COUNTY
STATEMENT OF CASH FLOWS
Years ended October 31,

	2011	2010
<u>Cash flows from operating activities:</u>		
Changes in net assets	\$ (47,252)	\$ (138,766)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	746	746
(Increase) decrease in operating assets:		
Accounts receivable	196	(246)
Increase (decrease) in operating liabilities:		
Accounts payable	-	(2,000)
Accrued expenses	198	(198)
Net cash provided by operating activities	(46,112)	(140,464)
<u>Cash flows from financing activities:</u>		
Proceeds of Notes	75,000	75,000
Net Increase(decrease) in cash	28,888	(65,464)
Cash and cash equivalents at beginning of year	33,213	98,677
Cash and cash equivalents at end of year	\$ 62,101	\$ 33,213

The notes to the financial statements are an integral part of these statements.

Community Improvement Corporation of Tuscarawas County
Notes to the Basic Financial Statements
For the Years Ended October 31, 2011 and 2010

Note 1 - Summary of significant accounting policies

Description of the entity

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 and grants credit to these companies for products and services.

Basis of accounting

The financial statements of the Organization are prepared using 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 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. In addition, the Organization is required to present a statement of cash flows. The Organization only had unrestricted net assets at October 31, 2011 and 2010.

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 day. The allowance for doubtful accounts was \$0 for years ending October 31, 2011 and 2010.

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 allowance 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.

Community Improvement Corporation of Tuscarawas County
Notes to the Basic Financial Statements
For the Years Ended October 31, 2011 and 2010

Note 1 - Summary of significant accounting policies (continued)

Tax Status

As a non-profit Organization under Section 501 (c)(6) of the Internal Revenue Code, the Organization 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.

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 advertizing the first time the advertizing takes place.

Note 2 – 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 Organization'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 3 – Rental Agreements

Expense

The Organization leases office space, secretarial services, and equipment from the Tuscarawas County University Branch District, dba Kent State University at Tuscarawas. The rent is \$1 per year.

Community Improvement Corporation of Tuscarawas County
Notes to the Basic Financial Statements
For the Years Ended October 31, 2011 and 2010

Note 4 – Concentration of Credit Risk and Off Balance Sheet Risk

The Organization maintains its programs within Tuscarawas County, Ohio geographical area. The performance of their 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, 2011 and 2010, the Organization did not have uninsured cash balances.

Note 5 – Related Party Transactions

During fiscal years 2011 and 2010, the Organization paid Whitemyer Advertising \$2,320 and \$9,474, respectively for advertising services. Thomas Simmelink, President of Whitemyer Advertising, is a Type A voting Trustee of the Organization.

Note 6 – Land Held for Resale

The Organization owns the land known as the Tuscarawas Regional Technology Park. Approximately 170 acres of land is available for sale as of October 31, 2011. Infrastructure improvements have been made to the unimproved land. The City of New Philadelphia maintains the streets and water lines. All proceeds from the sales of the parcels go to the organization.

Note 7 – Note Payable

During May 2010, the Organization obtained a \$75,000 loan from the Tuscarawas County Commissioners. The interest rate is 0%. The note originally was to mature on November 18, 2011; however, it was renewed until November 18, 2012.

On November 10, 2010, the Organization obtained a \$75,000 loan from the Tuscarawas County Commissioners. The interest rate is 0%. The note matures in thirty-six months.

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

Community Improvement Corporation of Tuscarawas County
Tuscarawas County
330 University Drive N.E.
New Philadelphia, Ohio 44663

To the Board of Trustees:

We have audited the financial statements of the Community Improvement Corporation of Tuscarawas County, Tuscarawas County Ohio (the Organization) as of and for the years ended October 31, 2011 and 2010, and have issued our report thereon dated January 26, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *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 Organization's financial statements will not be prevented or detected and timely corrected.

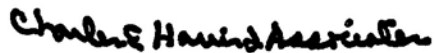
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 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 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted matters that we have reported to management of the Organization in a separate letter dated January 26, 2012.

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



Charles E. Harris and Associates, Inc.

January 26, 2012

**COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS COUNTY
TUSCARAWAS COUNTY
FOR THE YEARS ENDED OCTOBER 31, 2011 AND 2010**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of October 31, 2009 and 2008 reported no material citations or recommendations.



Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS

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 5, 2012**