



Dave Yost • Auditor of State

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
HENRY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

The Community Improvement Corporation
Of Henry County
Henry County
104 East Washington Street
Napoleon, Ohio 43545

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation), which comprise the statement of financial position, the related statements of activities and cash flows, as of and for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Improvement Corporation of Henry County, Henry County, Ohio as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of The Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation), as of and for the year ended December 31, 2013, were audited by predecessor auditor whose report dated April 17, 2014, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of the Corporation'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Corporation's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2015

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENT OF FINANCIAL POSITION
December 31, 2014 and 2013**

ASSETS

<u>CURRENT ASSETS</u>	2014	2013
Cash	\$ 274,604	\$ 280,005
Accounts Receivable-Net	7,750	
Notes Receivable-Net	12,878	29,426
Total Current Assets	<u>295,232</u>	<u>309,431</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture & Fixtures	10,558	10,558
Less Accumulated Depreciation	<u>(10,062)</u>	<u>(9,903)</u>
Net Property And Equipment	496	655
 <u>OTHER ASSETS</u>		
Notes Receivable	<u>5,320</u>	<u>16,364</u>
Total Other Assets	<u>5,320</u>	<u>16,364</u>
 TOTAL ASSETS	 \$ <u>301,048</u>	 \$ <u>326,450</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 402
Accrued Vacation	1,069	3,285
Total Current Liabilities	<u>1,069</u>	<u>3,687</u>
 TOTAL LIABILITIES	 1,069	 3,687
 <u>NET ASSETS</u>		
Unrestricted	122,807	149,896
Temporarily Restricted	<u>177,172</u>	<u>172,867</u>
Total Net Assets	<u>299,979</u>	<u>322,763</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>301,048</u>	 \$ <u>326,450</u>

"SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS"

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2014 and 2013**

UNRESTRICTED NET ASSETS

SUPPORT

	<u>2014</u>	<u>2013</u>
Contributions From Participating Governmental Units	\$ 31,000	\$ 29,000
In-Kind Contributions	69,200	69,200
Memberships	33,200	22,850
Interest	26	85
Administrative Fees	9,619	52,110
Program Fees	<u>7,606</u>	<u>7,816</u>
Total Unrestricted Support	150,651	181,061
Net Assets Released From Restrictions		
Restrictions Satisfied By Payments	<u>33,725</u>	<u>40,850</u>
Total Unrestricted Support And Reclassifications	184,376	221,911

EXPENSES

Program Expenses		
Community Involvement/Projects		16
Infrastructure Projects	<u>33,725</u>	<u>38,050</u>
Total Program Expenses	33,725	38,066
General Supporting Expenses		
Advertising	3,535	1,455
Bad Debts		1,080
Conference And Seminars	(275)	1,795
Consulting	27,248	10,868
Depreciation	159	369
Dues And Subscriptions	1,485	1,475
Insurance	2,541	2,219
Legal And Accounting	8,648	6,330
Miscellaneous		20
Office	4,146	4,347
Rent - Office	5,200	5,200
Telephone	3,324	3,371
Travel And Entertainment	1,209	1,924
Wages & Benefits	<u>120,520</u>	<u>109,851</u>
Total General Supporting Expenses	<u>177,740</u>	<u>150,304</u>
Total Expenses	211,465	188,370
(Decrease) Increase In Unrestricted Net Assets	\$ (27,089)	\$ 33,541

"SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS"

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2014 and 2013**

TEMPORARILY RESTRICTED NET ASSETS

	2014	2013
Support		
Infrastructure Funds	\$ 37,427	\$ 44,169
Interest & Late Fees	603	513
Net Assets Released From Restrictions	<u>(33,725)</u>	<u>(40,850)</u>
Increase In Temporarily Restricted Net Assets	<u>4,305</u>	<u>3,832</u>
<u>CHANGE IN NET ASSETS</u>	(22,784)	37,373
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>322,763</u>	<u>285,390</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 299,979</u>	<u>\$ 322,763</u>

"SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS"

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2014 and 2013**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2014</u>	<u>2013</u>
Change In Net Assets	\$ (22,784)	\$ 37,373
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES:		
Depreciation	159	369
(Increase) Decrease In Accounts Receivable	(7,750)	6,030
(Decrease) Increase In Accounts Payable	(402)	402
(Decrease) Increase In Accrued Vacation	<u>(2,216)</u>	<u>1,781</u>
Net Cash (Used In) Provided By Operating Activities	<u>(32,993)</u>	<u>45,955</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds From Notes Receivable	27,592	8,525
Issuance Of Notes Receivable	<u> </u>	<u>(30,035)</u>
Net Cash Provided By (Used In) Investing Activities	<u>27,592</u>	<u>(21,510)</u>
<u>NET (DECREASE) INCREASE IN CASH</u>	<u>(5,401)</u>	<u>24,445</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>280,005</u>	<u>255,560</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 274,604</u>	<u>\$ 280,005</u>

"SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS"

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities – The Community Improvement Corporation of Henry County, Ohio is a nonprofit corporation chartered under applicable laws of the State of Ohio. No individuals or corporations hold any equity interest therein. The purpose of the Corporation is to promote economic development in Henry County, Ohio. The Corporation's basic programs include advertising in industrial development publications, assisting businesses in obtaining incentives to expand or locate in Henry County, Ohio, and administering incentive programs for taxing authorities and related businesses.

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.

Basis Of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Corporation 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. As permitted by the statement, the Corporation does not use fund accounting.

Cash And Cash Equivalents – For purposes of the statement of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Property and Equipment – Property and equipment are stated at cost. Depreciation for financial reporting and for federal tax reporting is computed using the straight-line method over the asset's estimated useful life. The Corporation capitalizes all acquisitions in excess of \$500.

Income Tax Status – The Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation files Form 990 annually. It has been classified as an organization other than a private foundation. The Corporation's federal Exempt Organization Business Income Tax Returns for 2011, 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

Expense Allocation – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

Restricted And Unrestricted Revenue – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the Corporation.

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Board of Directors has discretionary control of the unrestricted net assets to use in the activities of the Corporation.

Contributed Services and Facilities – In-kind contributions are recorded as revenue and expenses in the accompanying statements of activities. In-kind contributions consist of wages being partially paid by Henry County, Ohio, use of office facilities, and some advertising. The estimated fair value of the wages, office facilities, and advertising was \$ 69,200 for both years ended December 31, 2014 and 2013.

Advertising – Advertising costs are charged to expense as incurred.

NOTE 2 – CASH

At December 31, 2014, cash consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Checking	\$ 52,607	\$ 10,663
Savings	27,352	148,311
Certificates of Deposit	35,671	
Total	<u>\$ 115,630</u>	<u>\$ 158,974</u>

At December 31, 2013, cash consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Checking	\$ 89,933	
Savings	27,344	\$ 127,077
Certificates of Deposit	35,651	
Total	<u>\$ 152,928</u>	<u>\$ 127,077</u>

NOTE 3 – NOTES RECEIVABLE

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

The Corporation is encouraging expansion of local businesses by making low interest loans. The loans are made from temporarily restricted infrastructure funds. The loans are secured by the equipment and inventory purchased and are personally guaranteed by the borrowers. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to notes receivable. The allowance for bad debts for the years ended December 31, 2014 is \$ 0 and 2013 is \$ 2,800. Terms of the loans are as follows:

	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Due Date</u>
Kori Ratliff	\$ 4,707	\$ 7,678	3.75%	\$274.56	08-16
631 N. Perry Corporation	5,628	8,919	2.00%	286.43	08-16
John Donovan		20,000	0.00%		01-14
Go Green 4 Power	3,616	5,016	0.00%	116.67	08-17
Tammy's Tiny Tack Shop	7,047	6,977	0.00%	116.67	08-17
Total	<u>20,998</u>	<u>48,590</u>			
Less: Allowance	<u>(2,800)</u>	<u>(2,800)</u>			
Net Notes Receivable	18,198	45,790			
Less: Current Portion	<u>(12,878)</u>	<u>(29,426)</u>			
Long Term Portion	<u>\$ 5,320</u>	<u>\$16,364</u>			

NOTE 4 – NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include infrastructure funds and are available once any donor-imposed conditions have been met. At December 31, 2014, \$ 177,172 of temporarily restricted net assets consists of cash totaling \$ 158,974 and notes receivable totaling \$ 18,198. At December 31, 2013, \$ 172,867 of temporarily restricted net assets consists of cash totaling \$ 127,077 and notes receivable totaling \$ 45,790.

NOTE 5 – CONCENTRATION

Approximately 50% (59% in 2013) of the Corporation's revenue (excluding pass-thru) is from the City of Napoleon and Henry County Commissioners.

NOTE 6 – OPERATING LEASES

The Corporation leases a copier with a contract scheduled to expire June 2016. Rental expense was \$ 2,122 and \$ 2,009 for the years ended December 31, 2014 and 2013, respectively.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated. No issues have been identified that require subsequent events disclosure.

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Dave Yost • Auditor of State

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

The Community Improvement Corporation
Of Henry County
Henry County
104 E. Washington St.
Napoleon, Ohio 43545

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of The Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation) as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2015, wherein we noted the financial statements of the Corporation as of and for the year ended December 31, 2013 were audited by a predecessor auditor.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation'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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2015



Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY

HENRY 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
OCTOBER 6, 2015**