



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, Ohio  
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, 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 years ended December 31, 2015 and 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 the 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 the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2016, 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.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 1, 2016

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014**

**ASSETS**

<b><u>CURRENT ASSETS</u></b>	2015	2014
Cash	\$ 328,721	\$ 274,604
Accounts Receivable-Net	7,750	7,750
Notes Receivable-Net	9,562	12,878
Total Current Assets	<u>346,033</u>	<u>295,232</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Furniture & Fixtures	10,558	10,558
Less Accumulated Depreciation	(10,172)	(10,062)
Net Property And Equipment	<u>386</u>	<u>496</u>
<b><u>OTHER ASSETS</u></b>		
Notes Receivable	<u>0</u>	5,320
Total Other Assets	<u>0</u>	<u>5,320</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>346,419</u></b>	<b>\$ <u>301,048</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accrued Vacation	\$ 2,473	\$ 1,069
Total Current Liabilities	<u>2,473</u>	<u>1,069</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	166,975	122,807
Temporarily Restricted	176,971	177,172
Total Net Assets	<u>343,946</u>	<u>299,979</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>346,419</u></b>	<b>\$ <u>301,048</u></b>

*The notes to the financial statements are an integral part of this statement.*

**THE COMMUNITY IMPROVEMENT CORPORATION**  
**OF HENRY COUNTY, OHIO**  
**STATEMENTS OF ACTIVITIES**  
*For The Years Ended December 31, 2015 and 2014*

**UNRESTRICTED NET ASSETS**

**SUPPORT**

	2015	2014
Contributions From Participating Governmental Units	\$ 31,000	\$ 31,000
In-Kind Contributions	69,200	69,200
Memberships	32,900	33,200
Interest	43	26
Administrative Fees	17,532	9,619
Program Fees	9,149	7,606
Total Unrestricted Support	<u>159,824</u>	<u>150,651</u>
Net Assets Released From Restrictions		
Restrictions Satisfied By Payments	<u>52,085</u>	<u>33,725</u>
Total Unrestricted Support And Reclassifications	<u>211,909</u>	<u>184,376</u>

**EXPENSES**

Program Expenses		
Infrastructure Projects	<u>52,085</u>	<u>33,725</u>
Total Program Expenses	<u>52,085</u>	<u>33,725</u>
General Supporting Expenses		
Advertising	3,509	3,535
Conference And Seminars	1,395	(275)
Consulting	0	27,248
Depreciation	110	159
Dues And Subscriptions	1,110	1,485
Insurance	2,566	2,541
Legal And Accounting	6,467	8,648
Office	3,485	4,146
Rent - Office	5,200	5,200
Telephone	2,452	3,324
Travel And Entertainment	859	1,209
Wages & Benefits	<u>88,503</u>	<u>120,520</u>
Total General Supporting Expenses	<u>115,656</u>	<u>177,740</u>
Total Expenses	<u>167,741</u>	<u>211,465</u>
Increase (Decrease) In Unrestricted Net Assets	44,168	(27,089)

*The notes to the financial statements are an integral part of this statement.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF ACTIVITIES  
For The Years Ended December 31, 2015 and 2014**

**TEMPORARILY RESTRICTED NET ASSETS**

Support	2015	2014
Infrastructure Funds	\$ 51,439	37,427
Interest & Late Fees	445	603
Net Assets Released From Restrictions	(52,085)	(33,725)
	<u>          </u>	<u>          </u>
(Decrease) Increase In Temporarily Restricted Net Assets	(201)	4,305
	<u>          </u>	<u>          </u>
<b><u>CHANGE IN NET ASSETS</u></b>	43,967	(22,784)
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	299,979	322,763
	<u>          </u>	<u>          </u>
<b><u>NET ASSETS, END OF YEAR</u></b>	\$ 343,946	\$ 299,979
	<u>          </u>	<u>          </u>

*The notes to the financial statements are an integral part of this statement.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2015 and 2014**

<u><b>CASH FLOWS FROM OPERATING ACTIVITIES</b></u>	2015	2014
Change In Net Assets	\$ 43,967	\$ (22,784)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES:</b>		
Depreciation	110	159
(Increase) In Accounts Receivable	0	(7,750)
(Decrease) In Accounts Payable	0	(402)
Increase (Decrease) In Accrued Vacation	1,404	(2,216)
Net Cash Provided By (Used In) Operating Activities	<u>45,481</u>	<u>(32,993)</u>
<u><b>CASH FLOWS FROM INVESTING ACTIVITIES</b></u>		
Proceeds From Notes Receivable	8,636	27,592
Net Cash Provided By Investing Activities	<u>8,636</u>	<u>27,592</u>
<u><b>NET INCREASE (DECREASE) IN CASH</b></u>	<u>54,117</u>	<u>(5,401)</u>
<u><b>CASH AT BEGINNING OF YEAR</b></u>	<u>274,604</u>	<u>280,005</u>
<u><b>CASH AT END OF YEAR</b></u>	<u>\$ 328,721</u>	<u>\$ 274,604</u>

*The notes to the financial statements are an integral part of this statement.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**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 Organization is to promote economic development in Henry County, Ohio. The Organization’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 Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis Of Presentation** – The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. 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 Organization. The Board of Directors has discretionary control of the unrestricted net assets to use in the activities of the Organization.

**Cash And Cash Equivalents** – For purposes of the statement of cash flows, the Organization 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. The allowance for bad debts for the years ended December 31, 2015 and 2014 is \$ 0.

**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 Organization capitalizes all acquisitions in excess of \$500.

**Income Tax Status** – The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Organization files Form 990 annually. It has been classified as an organization other than a private foundation. The Organization’s federal Exempt Organization Business Income Tax Returns for 2012, 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates** – Management uses estimates and assumptions in preparing the financial statements. Those 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however actual results could differ from those estimates.

**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, 2015 and 2014.

**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 Organization.

**Advertising** – Advertising costs are charged to expense as incurred.

**NOTE 2 – CASH**

At December 31, 2015, cash consists of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>
Checking	\$ 98,245	\$ 10,663
Savings	27,361	156,746
Certificates Of Deposit	<u>35,706</u>	<u>0</u>
Total	<u>\$ 161,312</u>	<u>\$ 167,409</u>

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

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>
Checking	\$ 52,607	\$ 10,663
Savings	27,352	148,311
Certificates Of Deposit	<u>35,671</u>	<u>0</u>
Total	<u>\$ 115,630</u>	<u>\$ 158,974</u>

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 3 – NOTES RECEIVABLE**

The Organization 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, 2015 and 2014 is \$ 2,800. Terms of the loans are as follows:

	<u>12-31-15</u>	<u>12-31-14</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Due Date</u>
Country Gourmet	\$ 761	\$ 4,707	3.75 %	274.56	08-16
631 N. Perry Corporation	2,268	5,628	2.00 %	286.43	08-16
Go Green 4 Power	2,216	3,616	0.00 %	116.67	08-17
Tammy’s Tiny Tack Shop	<u>7,117</u>	<u>7,047</u>	0.00 %	116.67	08-17
Total	\$ 12,362	\$ 20,998			
Less: Allowance	<u>(2,800)</u>	<u>(2,800)</u>			
Net Notes Receivable	9,562	18,198			
Less: Current Portion	<u>(9,562)</u>	<u>(12,878)</u>			
Long Term Portion	<u>\$ 0</u>	<u>\$ 5,320</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, 2015, \$ 176,971 of temporarily restricted net assets consists of cash totaling \$ 167,409 and notes receivable totaling \$ 9,562. At December 31, 2014, \$ 177,172 of temporarily restricted net assets consists of cash totaling \$ 158,974 and notes receivable totaling \$ 18,198.

**NOTE 5 – CONCENTRATION**

Approximately 47% (50% in 2014) of the Organization’s revenue (excluding pass-thru) is from the City of Napoleon and Henry County Commissioners.

**NOTE 6 – OPERATING LEASES**

The Organization leases a copier with a contract scheduled to expire June 2016. A new contract was signed in November 2015 replacing that lease. Rental expense was \$ 1,636 and \$ 2,112 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments under the operating lease as of December 31, 2015 are: 2016-\$ 1,555, 2017-\$ 1,555, 2018-\$ 1,555, 2019-\$ 1,555 and 2020-\$ 1,555.

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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, Ohio  
Henry County  
104 East Washington Street  
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 years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2016.

### ***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

August 1, 2016



# 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  
AUGUST 18, 2016**