



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
OTTAWA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Ottawa County
Ottawa County
8043 West State Route 163, Suite 100
Oak Harbor, Ohio 43449-8878

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Ottawa County, Ottawa County, Ohio, (the Corporation), (a not-for-profit corporation), which comprise the statements of financial position, the related statements of activities and cash flows, as of and for the years ended December 31, 2014 and 2013, 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 financial statement material 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 Ottawa County, Ottawa County, Ohio as of December 31, 2014 and 2013, 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 Matter

Supplementary and Other Information

Our audit was conducted to opine on the Corporation's financial statements taken as a whole.

The Schedules of Expenses present additional analysis and are not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the financial statements. We subjected these schedules to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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



Dave Yost
Auditor of State

Columbus, Ohio

April 1, 2016

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 252,138	\$ 322,304
Investments	101,943	100,587
Accounts receivable	8,592	18,823
Current portion of notes receivable	45,670	8,900
TOTAL CURRENT ASSETS	408,343	450,614
Equipment:		
Furniture and equipment	51,892	46,472
Leasehold improvements	7,739	1,650
	59,631	48,122
Less accumulated depreciation	37,695	31,887
	21,936	16,235
Other Assets:		
Notes receivable - net of current portion	168,899	91,307
Workers' Compensation deposit	34	34
	168,933	91,341
TOTAL ASSETS	\$ 599,212	\$ 558,190
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 6,892	\$ 1,873
Accrued payroll taxes	4,255	2,830
TOTAL CURRENT LIABILITIES	11,147	4,703
Unrestricted Net Assets	588,065	553,487
TOTAL LIABILITIES AND NET ASSETS	\$ 599,212	\$ 558,190

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

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Unrestricted Net Assets:		
Support:		
Conveyance fees	\$ 194,678	\$ 195,564
Job and Family Services consulting fees	81,792	58,616
Experience Ottawa County	17,842	19,820
Reimbursement	5,354	16,632
Interest income	9,613	3,853
Other	2,961	2,843
	312,240	297,328
Expenses:		
Program services	244,888	221,608
Management and general	32,774	25,578
	277,662	247,186
Increase in Unrestricted Net Assets	34,578	50,142
Unrestricted Net Assets at Beginning of Year	553,487	503,345
Unrestricted Net Assets at End of Year	\$ 588,065	\$ 553,487

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

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Increase in net assets	\$ 34,578	\$ 50,142
Adjustments to reconcile increase (decrease) in net assets to net cash from (for) operating activities:		
Depreciation	5,808	3,776
Accounts receivable	10,231	(2,437)
Accounts payable	5,019	(3,456)
Accrued payroll taxes	1,425	(3,183)
CASH FROM OPERATING ACTIVITIES	<u>57,061</u>	<u>44,842</u>
 CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Loans made	(240,000)	(90,000)
Collections on notes receivable	126,838	11,319
Acquisitions of equipment and leasehold improvements	(11,509)	(15,700)
Reinvestment of interest earnings	(2,556)	(2,808)
CASH USED FOR INVESTING ACTIVITIES	<u>(127,227)</u>	<u>(97,189)</u>
DECREASE IN CASH	(70,166)	(52,347)
 Cash and cash equivalents at beginning of year	<u>322,304</u>	<u>374,651</u>
Cash and cash equivalents at end of year	<u>\$ 252,138</u>	<u>\$ 322,304</u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

Note A - Organization

The Community Improvement Corporation of Ottawa County is a nonprofit corporation chartered in 1966. Its purpose is to advance, encourage and promote the industrial, economic, commercial and research development of Ottawa County. The primary source of funding comes from conveyance fees collected by Ottawa County on real estate transfers.

Note B - Accounting Policies

Basis of Presentation: The financial statements follow the recommendations of ASC 958, Not-for-Profit Entities. Under ASC 958, the Corporation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Taxes: The Corporation is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Corporation's federal income tax returns for 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Property and Equipment: Property and equipment are recorded at original cost. It is the Corporation's policy to capitalize property and equipment having a useful life of over one year. Depreciation has been computed using the double declining balance method over estimated useful lives.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting: The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents: For the purpose of cash flows, the Corporation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments: Investments are carried at fair value and consist of certificates of deposit.

Accounts Receivable: Accounts receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible accounts. There is no material difference from using this method rather than the allowance method. Accounts are charged to bad debt after management is satisfied that all attempts to collect the receivable have been exhausted.

Notes Receivable: Notes receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible notes. There is no material difference from using this method rather than the allowance method. Notes are charged to bad debt after management is satisfied that all attempts to collect the receivable have been exhausted.

Allocation of Functional Expenses: The cost of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions.

**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

Subsequent Events: In connection with the preparation of the financial statements, the Corporation has evaluated events subsequent to December 31, 2014 through April 1, 2016, which is the date the financial statements were available to be issued and has concluded that no additional disclosures were required.

Note C - Defined Contribution Pension Plan

The Corporation sponsors a defined contribution pension plan which began in January, 2001. Under this plan, eligible employees may elect to have contributions withheld on their behalf. The Corporation will contribute a matching contribution up to 3% of the employee's compensation for the year. Under this plan, the Corporation's matching contribution recorded as expense amounted to \$2,191 for 2014 and \$3,490 for 2013.

Note D - Lease Obligations

The Corporation leases office space under a month-to-month operating lease, payable quarterly. Rent expense amounted to \$13,183 for 2014 and \$12,084 for 2013.

Note E - Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentration of credit risk consist principally of cash deposited in financial institutions and accounts and notes receivable.

The Corporation has accounts receivable that arise from income that comes primarily from two major sources: Ottawa County conveyance fees and Jobs and Family Services consulting fees. Accounts receivable from these organizations were unsecured and totaled \$7,561 as of December 31, 2014 and \$13,158 as of December 31, 2013.

The Corporation has extended secured credit with Notes Receivable to businesses in Ottawa County. The notes are to be used for promoting business startup and growth. Notes receivable totaled \$214,569 as of December 31, 2014 and \$100,207 as of December 31, 2013.

**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

Note F - Notes Receivable

The Corporation has made loans to companies and individuals for the startup of new businesses within the County. As of December 31, 2014 and 2013, the following notes receivable were outstanding:

	2014	2013
Ciao Bella, LLC, secured by real estate and personal guarantees, Dated January 1, 2014 payable in 60 monthly installments of \$1,841 including interest payable at 3.99%, due January 2019	\$ 83,126	\$ -
AJS Logistics, secured by real estate, dated September 1, 2014 payable in 60 monthly installments of \$1,459 including interest payable at 3%, due September 2019	76,157	-
Sloopy's Café, secured by real estate, dated July 29, 2014 payable in 60 installments of \$849 including interest at 5%, due August 2019	42,355	-
Ala Carte Café, secured by real estate and business assets, dated April 3, 2014 payable in 60 installments of \$276 including interest at 3.99%, due April 2019	12,931	-
Wahlrich Management, LLC, secured by real estate and all assets, dated July 2, 2013 payable in 60 monthly installments of \$598 beginning January 1, 2014 including interest payable at 3.25%, with a balloon payment due December 1, 2018	-	91,469
Sloopy's Cafe, secured by real estate, dated June 24, 2010 payable in 60 monthly installments of \$510 including interest at 5%, due June 24, 2015.	-	8,738
Total Notes Receivable	214,569	100,207
Less Current Maturities	45,670	8,900
Net Long-Term Notes Receivable	\$ 168,899	\$ 91,307

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Salaries and Benefits:		
Salary - Director	\$ 75,739	\$ 69,677
Salary - Director (interim)	1,207	-
Salary - Workforce Director	32,511	44,820
Salary - Administrative Assistant	26,104	19,039
Employee health and life insurance	798	10,302
Payroll taxes	11,076	11,006
Retirement	2,191	3,490
Total Salaries and Benefits	149,626	158,334
Office Expenses		
Travel, lodging and meals	12,529	9,659
Membership, meetings and conferences	13,580	12,399
Legal and accounting fees	11,783	11,548
Communications	4,871	3,221
Rent	13,183	12,084
Office supplies	8,007	8,219
Depreciation	5,808	3,776
Business insurance	581	2,076
Continuing education	2,768	209
Total Office Expenses	73,110	63,191
Marketing Expenses		
Experience Ottawa County	25,885	12,479
Advertising	1,850	898
Awards dinner	3,895	3,061
Total Marketing Expenses	31,630	16,438
Development and Research Expenses		
Economic development	10,934	9,071
Workforce development	12,362	152
Total Development and Research Expenses	23,296	9,223
TOTAL EXPENSES	\$ 277,662	\$ 247,186

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

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

Community Improvement Corporation of Ottawa County
Ottawa County
8043 West State Route 163, Suite 100
Oak Harbor, Ohio 43449-8878

To the Board of Trustees:

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 Ottawa County, Ottawa County, Ohio (the Corporation) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated April 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

April 1, 2016



Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA

OTTAWA 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
MAY 3, 2016**