



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF DARKE COUNTY
DARKE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Darke County
Darke County
537 South Broadway, Suite 201
Greenville, Ohio 45331

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Darke County, Ohio (the CIC), (a not-for-profit 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, 2016 and 2015, 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 CIC'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 CIC'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 Darke County as of December 31, 2016 and 2015, and the changes in its net assets 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 November 1, 2017, on our consideration of the CIC'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. While we did not opine on the internal control over financial reporting or on compliance, 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 CIC'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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 1, 2017

**COMMUNITY IMPROVEMENT CORPORATION OF DARKE COUNTY
DARKE COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$531,724	\$488,109
Accrued Interest Receivable	265	
Beneficial Interest Held at Darke County Foundation	<u>12,200</u>	<u>6,900</u>
TOTAL ASSETS	<u><u>544,189</u></u>	<u><u>495,009</u></u>
LIABILITIES		
Payroll Taxes Payable	<u>2,031</u>	<u>7,316</u>
TOTAL LIABILITIES	<u>2,031</u>	<u>7,316</u>
NET ASSETS		
Unrestricted	436,962	382,497
Temporarily Restricted	<u>105,196</u>	<u>105,196</u>
TOTAL NET ASSETS	<u>542,158</u>	<u>487,693</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$544,189</u></u>	<u><u>\$495,009</u></u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF DARKE COUNTY
DARKE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
Campaign Contributions	\$111,680		\$111,680
Interest Income	1,536		1,536
Grants Received	30,000		30,000
Conveyance Fees	230,000		230,000
Workforce Training Income	4,556		4,556
TOTAL REVENUES	377,772		377,772
EXPENSES			
Salaries	112,316		112,316
Employee Benefits	27,733		27,733
Insurance	3,500		3,500
Legal & Accounting	2,055		2,055
Event Expenses	3,688		3,688
Payroll Taxes	9,416		9,416
Administration Fee	100		100
Office Lease	14,940		14,940
Office Supplies	4,730		4,730
Repairs and Maintenance	260		260
Audit Expense	1,073		1,073
Telephone	5,876		5,876
Operating Expense	1,832		1,832
Advertising and Marketing	12,134		12,134
Website Expense	25,000		25,000
Travel and Trade Shows	10,257		10,257
Contractual Services	7,340		7,340
Coalitions	18,883		18,883
Membership Dues	1,090		1,090
Environmental and Other Project Expenses	60,820		60,820
Publications	264		264
TOTAL EXPENSES	323,307		323,307
CHANGE IN NET ASSETS	54,465		54,465
NET ASSETS AT BEGINNING OF YEAR	382,497	\$105,196	487,693
NET ASSETS AT END OF YEAR	\$436,962	\$105,196	\$542,158

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF DARKE COUNTY
DARKE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES			
Campaign Contributions	\$113,575		\$113,575
Interest Income	2,368	\$475	2,843
Conveyance Fees	300,000		300,000
Workforce Training Income	13,850		13,850
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	429,793	475	430,268
EXPENSES			
Salaries	163,295		163,295
Employee Benefits	24,174		24,174
Insurance	3,870		3,870
Event Expense	4,253		4,253
Payroll Taxes	13,378		13,378
Administration Fee	100		100
Office Lease	14,400		14,400
Office Supplies	4,652		4,652
Repair and Maintenance	452		452
Miscellaneous	6,560		6,560
Telephone	6,024		6,024
Operating Expense	4,001		4,001
Advertising and Marketing	5,175		5,175
Website Expense	25,000		25,000
Travel and Trade Shows	5,072		5,072
Workforce Development	1,195		1,195
Contractual Services	39,020		39,020
Coalitions	16,500		16,500
Membership Dues	1,390		1,390
Community Support	100,000		100,000
Development Reserve	500		500
Publications	482		482
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	439,493		439,493
CHANGE IN NET ASSETS	(9,700)	475	(9,225)
NET ASSETS AT BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	392,197	104,721	496,918
NET ASSETS AT END OF YEAR	<hr/>	<hr/>	<hr/>
	\$382,497	\$105,196	\$487,693
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See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF DARKE COUNTY
DARKE COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$54,465	(\$9,225)
(Increase) Decrease in Operating Assets		
Industrial Insurance Deposit		34
Accrued Interest Receivable	(265)	
Beneficial Interest Held at HOPE Foundation	(5,300)	2,250
Increase (Decrease) in Operating Liabilities		
Payroll Taxes Payable	(5,285)	1,618
NET CASH PROVIDED BY OPERATING ACTIVITIES	43,615	(5,323)
CASH FLOWS FROM INVESTING ACTIVITIES		
RBEG-Loan Repayments by Darke County Business		39,921
NET CASH PROVIDED BY INVESTING ACTIVITIES		39,921
NET INCREASE IN CASH	43,615	34,598
CASH AT BEGINNING OF YEAR	488,109	453,511
CASH AT END OF YEAR	\$531,724	\$488,109

See accompanying notes to the financial statements.

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

FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

1. NATURE OF ACTIVITIES

The Community Improvement Corporation (CIC) of Darke County is a not-for-profit organization which operates for the betterment of Darke County, Ohio. The CIC is conducting a Partnering for Progress campaign to raise funds to provide the county's economic development program with the tools and personnel to meet the needs of current and prospective businesses of Darke County.

The CIC's management believes these financial statements present all activities for which the Corporation is financially accountable.

2. SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the CIC is presented to assist in understanding the CIC's financial statements. The financial statements and notes are representations of the CIC's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Basis of Accounting

The accounts are maintained and these financial statements are presented on the accrual basis of accounting.

B. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958 the CIC 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. The CIC does not have any permanently restricted net assets.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.

D. Concentration of Credit Risk

The CIC maintains its cash accounts and certificates of deposits in three commercial banks in Ohio. The cash balances rarely exceed the limit of \$250,000 that is guaranteed by the Federal Deposit Insurance Corporation. The CIC considers these banks to have a high enough stability that any cash in excess of the limit is at minimal risk. At December 31, 2016 and 2015, the CIC's cash balances did not exceed \$250,000 for any one bank.

E. Income Taxes

The CIC is a not-for-profit organization that is considered to be exempt from income taxes under Section 501 (c) (4) of the Internal Revenue Code. The CIC was recognized as tax exempt effective March 1, 2006.

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

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015
(Continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

For purpose of the statement of cash flows, the CIC considers all cash in checking accounts and certificate of deposits, whether unrestricted or restricted, to be cash equivalents.

3. TEMPORARILY RESTRICTED ASSETS

The RBEG account that the CIC operates is a matching funds account. The CIC applied for and was awarded a grant from the USDA for the purpose of economic development. As part of the covenants of the USDA program, the CIC has to match a percentage of the funds from the USDA. The RBEG account is the matching funds for the USDA program. The money will remain in the account until such time as an opportunity arises for a USDA revolving loan applicant to be granted a loan under this program. At December 31, 2016 and 2015, the balance loaned to a qualified Darke County applicant was zero. As the loan is paid back, the money will be re-deposited into the RBEG account to be loaned out again for future projects.

4. FUNCTIONAL EXPENSE

The CIC has broken down the following expenses between program, management & administrative, and fund raising expense for the year ended December 31, 2016. These expenses are as follows:

	Program	Management & Administrative	Fund Raising	Total
Salaries	\$30,568	\$72,721	\$9,027	\$112,316
Employee Benefits		24,671	3,062	27,733
Insurance	3,500			3,500
Legal & Accounting	822	822	411	2,055
Event Expenses	1,660		2,028	3,688
Payroll Taxes	2,563	6,097	756	9,416
Administration Fee	40	40	20	100
Office Lease	6,723	5,677	2,540	14,940
Office Supplies	1,892	1,892	946	4,730
Repairs and Maintenance	104	104	52	260
Audit Expense		1,073		1,073
Telephone	2,644	2,233	999	5,876
Operating Expense	733	733	366	1,832
Advertising and Marketing	7,280	2,427	2,427	12,134
Website Expense	25,000			25,000
Travel and Trade Shows	9,231	513	513	10,257
Contractual Services	6,606	734		7,340
Coalitions	18,883			18,883
Membership Dues	981	109		1,090
Project Expenses	60,820			60,820
Publications	106	106	52	264
	<u>\$180,156</u>	<u>\$119,952</u>	<u>\$23,199</u>	<u>\$323,307</u>

The CIC has broken down the following expenses between program, management & administrative, and fund raising expense for the year ended December 31, 2015. These expenses are as follows:

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

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015
(Continued)**

4. FUNCTIONAL EXPENSE (Continued)

	<u>Program</u>	<u>Management & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$22,885	\$119,006	\$21,404	\$163,295
Employee Benefits		20,490	3,684	24,174
Insurance	3,870			3,870
Event Expenses	1,893		2,360	4,253
Payroll Taxes	1,874	9,750	1,754	13,378
Administration Fee	40	40	20	100
Repairs & Maintenance	181	181	90	452
Office Lease	6,480	5,472	2,448	14,400
Office Supplies	1,861	1,861	930	4,652
Audit expense		6,560		6,560
Website expense	25,000			25,000
Telephone	2,711	2,289	1,024	6,024
Operating Expense	1,600	1,600	801	4,001
Advertising and Marketing	3,105	1,035	1,035	5,175
Travel and Trade Shows	4,565	254	253	5,072
Workforce Development	1,195			1,195
Contractual Services	35,118	3,902		39,020
Coalitions	16,500			16,500
Membership Dues	1,251	139		1,390
Community Support	100,000			100,000
Development expense	500			500
Publications	193	193	96	482
	<u>\$230,822</u>	<u>\$172,772</u>	<u>\$35,899</u>	<u>\$439,493</u>

5. BENEFICIAL INTEREST - DARKE COUNTY FOUNDATION

Certain contributors who wish to help finance the CIC's activities will only make contributions to an organization that is a 501 (c) (3) tax exempt organization. The Darke County Foundation is a 501 (c) (3) tax exempt organization. Funds paid to the Darke County Foundation are earmarked for later payment to the CIC.

6. RISK MANAGEMENT

The CIC has obtained commercial insurance for comprehensive property and general liability. The coverage limits at December 31, 2016 and 2015 are as follows:

Each Occurrence Limit	\$1,000,000
Damage to Premises Rented Limit	100,000
Medical Expense Limit	5,000
Personal and Advertising Injury Limit	1,000,000
General Aggregate Limit	2,000,000
Products – Completed Operations Aggregate Limit	2,000,000

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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 Darke County
Darke County
537 South Broadway, Suite 201
Greenville, Ohio 45331

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 Darke County, (the CIC) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC'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 CIC'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 CIC'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the CIC'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 that we must report under *Government Auditing Standards*.

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www.ohioauditor.gov

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 CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC'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

November 1, 2017

**COMMUNITY IMPROVEMENT CORPORATION OF DARKE COUNTY
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Financial Statement Misstatement – Material Weakness

The Community Improvement Corporation of Darke County (the CIC) financial statements contained an error which resulted in an adjustment to correctly report the financial activity during the audit period as follows:

- 2015 conveyance fee revenue was understated by \$100,000, while the related project expenditure was also understated by \$100,000.

Failure to review the CIC's annual financial report could result in materially misstated financial statements and misleading financial information.

The CIC should establish and implement procedures to review its annual GAAP financial statements to verify that the financial statements are presented in accordance with applicable accounting guidelines and principles and are in agreement with the CIC's underlying accounting records.

Officials' Response:

Officials did not provide a response to the finding above.

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DARKE COUNTY COMMUNITY IMPROVEMENT CORPORATION

DARKE 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
DECEMBER 19, 2017**