

**COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

Audit Report

For the Years Ended December 31, 2018 and 2017



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Community Improvement Corporation of Newcomerstown
PO Box 87
Newcomerstown, Ohio 43832

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. 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 Newcomerstown is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2019

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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Newcomerstown
Tuscarawas County
P.O. Box 87
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the accompanying financial statements of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, Ohio (the CIC) (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express our opinions on these financial statements based on our audits. We conducted our audits 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

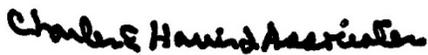
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, Ohio as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, during 2018, the CIC adopted new accounting guidance in the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. We did not modify our opinion regarding this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019 on our consideration of the CIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the CIC's 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 CIC's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 24, 2019

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>		<u>2018</u>	<u>2017</u>
CURRENT ASSETS			
Cash, without donor restrictions			
Checking - Huntington National Bank	\$	325,086	\$ 340,262
Checking - Chase		34,480	34,480
Money Market - Huntington National Bank		10,360	10,354
Certificate of Deposit - Huntington National Bank		48,944	48,876
Total Cash, without donor restrictions		<u>418,870</u>	<u>433,972</u>
Cash, with donor restrictions			
Money Market - Century National Bank		100,019	0
Total Cash, with donor restrictions		<u>100,019</u>	<u>0</u>
Rent Receivable		575	575
Total Current Assets		<u>419,445</u>	<u>434,547</u>
PROPERTY AND EQUIPMENT			
Land		1,773,522	1,773,522
OTHER ASSETS			
Prepaid Insurance		<u>2,337</u>	<u>1,198</u>
TOTAL ASSETS	\$	<u><u>2,295,323</u></u>	\$ <u><u>2,209,267</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 			
LIABILITIES			
Current			
Accrued Interest	\$	284,606	\$ 316,131
Note Payable - Tuscarawas County		<u>1,494,145</u>	<u>1,494,145</u>
Total Current Liabilities		<u>1,778,751</u>	<u>1,810,276</u>
NET ASSETS			
With donor restrictions		100,019	0
Without donor restrictions		<u>416,553</u>	<u>398,991</u>
Total Net Assets		<u>516,572</u>	<u>398,991</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,295,323</u></u>	\$ <u><u>2,209,267</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUE, without donor restrictions		
Interest Income	\$ 73	\$ 78
House Rental Income	6,900	6,900
Farm Rental Income	31,525	38,704
Royalty Income	372	211
Refund	24	0
Total Revenue	38,894	45,893
 EXPENSES, without donor restrictions		
Audit Fees	0	4,652
Professional Fees	5,432	9,984
Crop Reimbursement	0	3,947
Donations	40	240
Fees	25	0
Insurance	1,327	1,173
Mowing and Maintenance	4,667	285
Office Expense	0	21
Real Estate Taxes	9,705	9,733
Rent	136	1,854
Repairs	0	922
Total Expenses	21,332	32,811
 CHANGE IN NET ASSETS, without donor restrictions	17,562	13,082
 NET ASSETS - BEGINNING OF YEAR, without donor restrictions	398,991	385,909
 NET ASSETS - END OF YEAR, without donor restrictions	416,553	398,991
 REVENUE, with donor restrictions		
Grants and Donations	100,000	0
Interest	19	0
Total Change in Net Assets, with donor restrictions	100,019	0
 TOTAL NET ASSETS	\$ 516,572	\$ 398,991

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets, Without Donor Restrictions	\$ 17,562	\$ 13,082
Net (Increase) in Prepayments	(1,139)	(25)
Net Cash Provided by Operating Activities	16,423	13,057
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of Contribution Restricted for Purchase of Capital Improvements in Future Year	100,000	0
Interest on Restricted Contribution	19	0
Net Cash Provided by Investing Activities	100,019	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Accrued Interest	(31,525)	(34,757)
Net Cash Used in Financing Activities	(31,525)	(34,757)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,917	(21,700)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	433,972	455,672
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 518,889	\$ 433,972

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Improvement Corporation of Newcomerstown (CIC) was established to promote commercial and industrial development in the Village of Newcomerstown, Ohio and surrounding areas.

Basis of Accounting

The CIC maintains its financial records on the accrual basis of accounting.

New Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocations of expenses.

The accompanying information from the 2017 financial statements has been restated to conform to the 2018 presentation and disclosure requirements of ASU 2016-14.

Use of Estimates

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

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

With Donor Restrictions

Net assets with donor restrictions include net assets subject to donor-imposed stipulations that may or will be met by actions of the Corporation.

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Without Donor Restrictions

Net assets not subject to donor-imposed stipulations.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Cash Equivalents

The CIC considers all highly liquid deposit instruments purchased with a maturity of three months or less to be cash. Certificates of deposit owned by the CIC in lengths greater than three months are classified as cash because the amounts are considered to be cash savings accounts. Fair values approximate carrying amounts.

Date of Management's Review

Management has evaluated subsequent events through June 24, 2019, the date on which the financial statements were available to be issued.

NOTE B: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflect the CIC's financial assets as of the balance date December 31, 2018 and 2017, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

	<u>2018</u>	<u>2017</u>
Total Assets, at year end	\$ 2,295,323	\$ 2,209,267
Less: Fixed and Non-Financial Assets	<u>(1,776,434)</u>	<u>(1,775,295)</u>
Financial assets at year end	518,889	433,972
Less those available for general expenditures within one year due to contractual or donor-imposed		
Financial assets available to meet cash needs for	<u>(100,019)</u>	<u>-</u>
general expenditures within one year	<u>\$ 418,870</u>	<u>\$ 433,972</u>

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE C: INCOME TAXES

The CIC is a nonprofit organization as described in Section 501 (c) (6) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Internal Revenue Service has not examined the CIC for open years under the statute of limitations.

The CIC follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation management determined there are no positions that necessitate disclosures and/or adjustments.

NOTE D: NOTE PAYABLE

For the years ended December 31, 2018 and 2017, the CIC has a note payable to The Board of Tuscarawas County Commissioners in the amount (principal and accrued interest) of \$1,778,751 and \$1,810,276, respectively. The original note was for \$2,200,000 plus accrued interest and matured on December 8, 2018, however, the CIC obtained an extension to December 8, 2019. The note is secured by certain real estate in Oxford Township, Tuscarawas County, Ohio adjacent to the current Newcomerstown Industrial Park. The note was due including accrued interest at 4 ½ percent per annum upon the sale of the land by the CIC. As of March 5, 2010, the interest rate was reduced to zero.

NOTE E: LAND

Land is carried at cost and there is no depreciation allowance.

NOTE F: CONCENTRATION OF CREDIT RISK

Certain cash deposits with financial institutions are in excess of the \$250,000 Federal Depository Insurance Corporation (FDIC) guaranty. At December 31, 2018 and 2017, the CIC's uninsured balances totaled \$134,389 and \$149,492, respectively.

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE G: COMMERCIAL INSURANCE

The CIC has obtained commercial insurance for the following risks:

- Commercial Property Coverage
- Commercial General Liability Coverage
- Directors and Officers Coverage

There were no settled claims from these risks that have exceeded commercial Insurance coverage for the past three years and there has been no significant reduction in coverages from last year.

NOTE H: LEASE AGREEMENTS

The CIC has a continuing lease agreement with Rollin Orr for a single-family residence in Newcomerstown, Ohio. The CIC has a lease agreement with Wen Mar Farms, Inc. for approximately 144 acres of property in Oxford Township. The CIC leases two billboard locations along Northbound and Southbound Interstate 77.

NOTE I: NET ASSETS

Net assets with donor restrictions consist of a contribution from the Village of Newcomerstown toward a potential project in the Newcomerstown Industrial Park that requires the construction of rail access to the Southern parcel of the park. By vote of the Village of Newcomerstown Council, these funds can only be used for this project. If the project does not commence, the funds will be returned to the Village. There is no established deadline for completion of the project.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Community Improvement Corporation of Newcomerstown
Tuscarawas County
P.O. Box 87
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited, in accordance with the 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, the financial statements of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, Ohio (the CIC) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2019. We noted the CIC adopted new accounting guidance in Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 – *Presentation of Financial Statements for Not-for-Profit Entities*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CIC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CIC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CIC's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

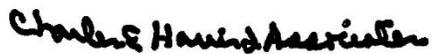
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CIC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CIC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 24, 2019

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OHIO AUDITOR OF STATE KEITH FABER



NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION

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
SEPTEMBER 12, 2019**