



OHIO AUDITOR OF STATE
KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY
HENRY COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation
of Henry County
Henry County
104 East Washington Street, Suite 301
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), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2020, 2019 and 2018, the related statements of activities, and cash flows for the years then ended, the statement of functional expenses for the years ended December 31, 2020, 2019 and 2018, 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 such 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 opinions.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2020, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 9 to the 2020 financial statements and Note 8 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. 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 October 11, 2021, 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. 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 Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2021

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO
Statement of Financial Position
December 31, 2020

Assets

Current assets:	
Cash and cash equivalents	\$ 183,776
Prepaid expenses	1,000
Cash restricted for economic development	101,201
Total current assets	<u>285,977</u>
Noncurrent assets:	
Depreciable capital assets, net	280
Total noncurrent assets	280
Total assets	<u>\$ 286,257</u>

Liabilities

Current liabilities:	
Accrued expenses	<u>\$ 458</u>

Net position

Net assets with donor restrictions	101,201
Net assets without donor restrictions	184,598
Total net position	<u>285,799</u>
Total liabilities and net position	<u>\$ 286,257</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO

Statement of Activities

For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue:</u>			
Public and private support	\$ 160,534	\$ 8,551	\$ 169,085
Administrative fees	1,382	-	1,382
Interest income	41	22	63
Total revenue	<u>161,957</u>	<u>8,573</u>	<u>170,530</u>
<u>Expenses:</u>			
Economic development	107,838	-	107,838
Support services:			
Management and general	<u>63,685</u>	<u>-</u>	<u>63,685</u>
Total expenses	<u>171,523</u>	<u>-</u>	<u>171,523</u>
Change in net position	(9,566)	8,573	(993)
Net position at beginning of year	<u>194,164</u>	<u>92,628</u>	<u>286,792</u>
Net position at end of year	<u>\$ 184,598</u>	<u>\$ 101,201</u>	<u>\$ 285,799</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO
Statement of Functional Expenses
For the Year Ended December 31, 2020

	2020		
	Economic Development	Supporting Services	Total Expenses
Advertising	\$ 1,465	\$ 4,396	\$ 5,861
Com Inv/Projects	15	-	15
Conferences & Seminars	-	2,249	2,249
Depreciation Expense	419	419	838
Dues & Subscriptions	620	-	620
Insurance	-	4,219	4,219
Legal & Accounting	639	1,916	2,555
Office Supplies	1,745	4,073	5,818
Rent	3,100	3,100	6,200
Telephone	101	100	201
Travel & Entertainment	266	619	885
Wages & Benefits	99,386	42,594	141,980
Workforce Development	82	-	82
	<u>\$ 107,838</u>	<u>\$ 63,685</u>	<u>\$ 171,523</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Cash received for contributions and donations	\$ 170,730
Cash payments for employee services and benefits	(144,926)
Cash payments to suppliers for goods and services	<u>(28,705)</u>
Net cash used for operating activities	<u>(2,901)</u>
 Net decrease in cash and cash equivalents	 (2,901)
 Cash and cash equivalents at beginning of year	 <u>287,878</u>
Cash and cash equivalents at end of year	<u>\$ 284,977</u>
 Reconciliation of operating loss to net cash used for operating activities:	
 Operating loss	 \$ (993)
 Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:	
Depreciation	838
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	200
Increase (decrease) in liabilities:	
Accrued vacation	<u>(2,946)</u>
Net cash used for operating activities	<u>\$ (2,901)</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Summary of Significant Accounting Policies

Nature of Activities – The Community Improvement Corporation of Henry County, Ohio (the Corporation) 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 – The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation’s management and the board of directors.

Net assets with donor restrictions Net assets that are subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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 year ended December 31, 2020 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 Corporation capitalizes all acquisitions in excess of \$500.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed Services and Facilities – In-kind contributions are recorded as revenue and expenses in the accompanying statements of functional expenses. 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 \$70,200 for the year ended December 31, 2020.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. The expenses that have been allocated are advertising, legal and accounting, office supplies, travel and entertainment, and wages and benefits, which are allocated on the basis of estimates of time and effort: depreciation, rent, and telephone, which are allocated on square footage basis.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Advertising – Advertising costs are charged to expense as incurred.

Use of Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status – The Corporation is exempt from income taxes under IRC section 501(c)(6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Corporation has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. It has been classified as a Corporation other than a private foundation.

Note 2 – Availability and Liquidity

The following represents the Corporation’s financial assets at December 31, 2020:

	<u>2020</u>
Financial assets at year end	\$ 183,776
Cash and cash equivalents	<u>101,201</u>
Cash restricted for economic development	<u>284,977</u>
Total financial assets	
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>101,201</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 183,776</u></u>

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 2 – Availability and Liquidity (continued)

The Corporation receives donor-restricted contributions. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Corporation must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2020. As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in savings accounts and certificate of deposits. Cash restricted for economic development are invested in savings accounts.

Note 3 – Nature and Amount of Net Assets with Donor Restrictions

Net assets with donor restrictions include funds that are restricted specifically for infrastructure and economic development in Henry County. The primary source of the funds are negotiated through Enterprise Zone Agreements / Community Investment Agreements with various municipalities in Henry County. The agreements can specify that a donation will be made to the Corporation for infrastructure and economic development

The primary use of the funds is restricted to assisting companies, mainly manufacturing, in establishing infrastructure needs such as water, sewer, roads, etc. Funds can be used for both off-site and on-site needs, with off-site needs being a priority. Creation of jobs and investment will be prime criteria. While increased manufacturing is the major focus, the review committee can consider other projects.

A committee will review requests for uses of the funds and make recommendations to the appropriate municipality Council or County Commissioners for action. The committee can be made up of various individuals including municipality representatives, clerks, and the CIC Director. The CIC will handle requests for funds, schedule review meetings, and prepare information for Council/Commissioner action.

Each committee will establish the criteria / guidelines to be approved by the Council / Commissioners for review of requests. Some factors to be considered include company investment level, job retention and creation, tax revenues generated, use of other state and local funding sources, and impact of municipality among others. Funds cannot be allocated without Council approval.

At December 31, 2020 net assets with donor restrictions consists of cash totaling \$101,201.

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 4 – Nature and Amount of Net Assets without Donor Restrictions

Net assets without donor restrictions include cash and fixed assets that are available to the Corporation to use at its own discretion to meet the Corporation’s objectives. Net assets without donor restrictions were \$184,598 for the year ended December 31, 2020.

Note 5 - Concentration

Approximately 63% of the Corporation’s revenue (excluding pass-thru) is derived from the City of Napoleon and Henry County Commissioners.

Note 6 – Capital Assets

Capital assets and related accumulated depreciation at December 31, 2020 are as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<i>Capital assets, being depreciated</i>				
Furniture and fixtures	\$ 12,610	\$ -	\$ -	\$ 12,610
<i>Less: accumulated depreciation</i>				
Furniture and fixtures	(11,492)	(838)	-	(12,330)
Capital assets, net	<u>\$ 1,118</u>	<u>\$ (838)</u>	<u>\$ -</u>	<u>\$ 280</u>

Note 7 – Operating Leases

The Corporation leased a copier with a contract which expired in 2020. Rental expense was \$1,555 for the year ended December 31, 2020.

Note 8 – Subsequent Events

Subsequent events have been evaluated through the date of the opinion.

Note 9 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. In addition, the impact on the Corporation’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018**

ASSETS

<u>CURRENT ASSETS</u>	2019	2018
Cash & Cash Equivalents	\$ 195,250	\$ 210,010
Accounts Receivable-Net	200	3,930
Prepaid Expenses	1,000	1,000
Total Current Assets	<u>196,450</u>	<u>214,940</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture & Fixtures	12,610	12,834
Less Accumulated Depreciation	<u>(11,492)</u>	<u>(11,096)</u>
Net Property And Equipment	1,118	1,738
 <u>OTHER ASSETS</u>		
Cash Restricted For Economic Development	<u>92,628</u>	<u>138,687</u>
 <u>TOTAL ASSETS</u>	\$ <u>290,196</u>	\$ <u>355,365</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accrued Vacation	\$ 3,404	\$ 3,858
 <u>NET ASSETS</u>		
Net Assets Without Donor Restrictions	194,164	212,820
Net Assets With Donor Restrictions	<u>92,628</u>	<u>138,687</u>
Total Net Assets	<u>286,792</u>	<u>351,507</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ <u>290,196</u>	\$ <u>355,365</u>

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

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF ACTIVITIES
For The Year Ended December 31, 2019**

<u>Revenue</u>	Without Donor Restrictions	With Donor Restrictions	Total
Public And Private Support	\$ 152,343	\$ 8,576	\$ 160,919
Administrative Fees	1,391	-	1,391
Interest Income	50	41	91
Net Assets Released From Restrictions	54,676	(54,676)	-
Total Revenue	<u>208,460</u>	<u>(46,059)</u>	<u>162,401</u>
<u>Expenses</u>			
Economic Development	155,500	-	155,500
Supporting Services:			
Management And General	71,616	-	71,616
Total Expenses	<u>227,116</u>	<u>-</u>	<u>227,116</u>
Change In Net Assets	(18,656)	(46,059)	(64,715)
Net Assets, Beginning Of Year	<u>212,820</u>	<u>138,687</u>	<u>351,507</u>
Net Assets, End Of Year	<u>\$ 194,164</u>	<u>\$ 92,628</u>	<u>\$ 286,792</u>

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

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF ACTIVITIES
For The Year Ended December 31, 2018**

<u>Revenue</u>	Without Donor Restrictions	With Donor Restrictions	Total
Public And Private Support	\$ 168,384	\$ 8,365	\$ 176,749
Administrative Fees	1,816	-	1,816
Interest Income	41	44	85
Net Assets Released From Restrictions	24,427	(24,427)	-
Total Revenue	<u>194,668</u>	<u>(16,018)</u>	<u>178,650</u>
<u>Expenses</u>			
Economic Development	133,340	-	133,340
Supporting Services:			
Management And General	65,055	-	65,055
Total Expenses	<u>198,395</u>	<u>-</u>	<u>198,395</u>
Change In Net Assets	(3,727)	(16,018)	(19,745)
Net Assets, Beginning Of Year	<u>216,547</u>	<u>154,705</u>	<u>371,252</u>
Net Assets, End Of Year	<u>\$ 212,820</u>	<u>\$ 138,687</u>	<u>\$ 351,507</u>

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

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended December 31, 2019 and 2018**

	2019		
	Economic Development	Supporting Services	Total Expenses
Advertising	\$ 1,353	\$ 4,058	\$ 5,411
Community Involvement/Project	3	-	3
Conferences And Seminars	-	6,662	6,662
Depreciation	310	310	620
Dues & Subscriptions	2,240	-	2,240
Infrastructure Projects	50,000	-	50,000
Insurance	-	3,111	3,111
Legal And Accounting	985	2,955	3,940
Office Supplies	1,828	4,267	6,095
Outside Services	1,794	5,381	7,175
Rent	3,100	3,100	6,200
Telephone	107	106	213
Travel And Entertainment	824	1,922	2,746
Wages And Benefits	92,736	39,744	132,480
Workforce Development	220	-	220
Total	\$ 155,500	\$ 71,616	\$ 227,116

	2018		
	Economic Development	Supporting Services	Total Expenses
Advertising	\$ 1,592	\$ 4,776	\$ 6,368
Community Involvement/Project	20	-	20
Conferences And Seminars	-	3,232	3,232
Depreciation	355	355	710
Dues & Subscriptions	3,158	-	3,158
Infrastructure Projects	20,000	-	20,000
Insurance	-	3,061	3,061
Legal And Accounting	837	2,509	3,346
Office Supplies	1,408	3,285	4,693
Rent	3,100	3,100	6,200
Telephone	95	94	189
Travel And Entertainment	662	1,546	2,208
Wages And Benefits	100,559	43,097	143,656
Workforce Development	1,554	-	1,554
Total	\$ 133,340	\$ 65,055	\$ 198,395

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

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2019 and 2018**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2019</u>	<u>2018</u>
Change In Net Assets	\$ (64,715)	\$ (19,745)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	620	710
Decrease In Accounts Receivable	3,730	1,070
(Decrease) In Accrued Vacation	<u>(454)</u>	<u>(1,700)</u>
Net Cash Used In Operating Activities	<u>(60,819)</u>	<u>(19,665)</u>
NET DECREASE IN CASH	<u>(60,819)</u>	<u>(19,665)</u>
CASH AT BEGINNING OF YEAR	<u>348,697</u>	<u>368,362</u>
CASH AT END OF YEAR	<u>\$ 287,878</u>	<u>\$ 348,697</u>

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

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities – The Community Improvement Corporation of Henry County, Ohio (the Corporation) 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 – The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation’s management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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. The allowance for bad debts for the years ended December 31, 2019 and 2018 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 Corporation capitalizes all acquisitions in excess of \$500.

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed Services and Facilities – In-kind contributions are recorded as revenue and expenses in the accompanying statements of functional expenses. 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 \$ 70,200 and \$ 70,200 for the years ended December 31, 2019 and 2018, respectively.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. The expenses that have been allocated are advertising, legal and accounting, office supplies, travel and entertainment, and wages and benefits, which are allocated on the basis of estimates of time and effort: depreciation, rent, and telephone, which are allocated on square footage basis.

Advertising – Advertising costs are charged to expense as incurred.

Use of Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status – The Corporation is exempt from income taxes under IRC section 501(c)(6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Corporation has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. It has been classified as an Corporation other than a private foundation.

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Corporation’s financial assets at December 31, 2019 and 2018:

	2019	2018
Financial Assets At Year End:		
Cash & Cash Equivalents	\$ 195,250	\$ 210,010
Accounts Receivable	200	3,930
Cash Restricted For Economic Development	92,628	138,687
Total Financial Assets	288,078	352,627
Less Amounts Not Available To Be Used Within One Year:		
Net Assets With Donor Restrictions	92,628	138,687
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	\$ 195,450	\$ 213,940

The Corporation receives donor-restricted contributions. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Corporation must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2019 and 2018. As part of the Corporation’s liquidity management plan, cash in excess of daily requirements are invested in savings accounts and certificate of deposits. Cash restricted for economic development are invested in savings accounts.

NOTE 3 – NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include funds that are restricted specifically for infrastructure and economic development in Henry County. The primary source of the funds are negotiated through Enterprise Zone Agreements / Community Investment Agreements with various municipalities in Henry County. The agreements can specify that a donation will be made to the Corporation for infrastructure and economic development

The primary use of the funds is restricted to assisting companies, mainly manufacturing, in establishing infrastructure needs such as water, sewer, roads, etc. Funds can be used for both off-site and on-site needs, with off-site needs being a priority. Creation of jobs and investment will be prime criteria. While increased manufacturing is the major focus, the review committee can consider other projects.

A committee will review requests for uses of the funds and make recommendations to the appropriate municipality Council or County Commissioners for action. The committee can be made up of various individuals including municipality representatives, clerks, and the CIC Director. The CIC will handle requests for funds, schedule review meetings, and prepare information for Council/Commissioner action.

Each committee will establish the criteria / guidelines to be approved by the Council / Commissioners for review of requests. Some factors to be considered include company investment level, job retention and creation, tax revenues generated, use of other state and local funding sources, and impact of municipality among others. Funds cannot be allocated without Council approval.

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 3 – NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS-(CONTINUED)

At December 31, 2019 net assets with donor restrictions consists of cash totaling \$ 92,628. At December 31, 2018, net assets with donor restrictions consists of cash totaling \$ 138,687.

NOTE 4 – NATURE AND AMOUNT OF NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions include cash and fixed assets that are available to the Corporation to use at its own discretion to meet the Corporation's objectives. Net assets without donor restrictions was \$ 194,164 and \$ 212,820 for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 – CONCENTRATION

Approximately 65% (60% in 2018) 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 in 2020. Rental expense was \$ 1,555 and \$ 1,555 for the years ended December 31, 2019 and 2018, respectively.

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

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the opinion.

NOTE 8 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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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 Henry County
Henry County
104 East Washington Street, Suite 301
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) (a not-for-profit corporation), as of and for the years ended December 31, 2020, 2019 and 2018 and the related notes to the financial statements, and have issued our report thereon dated October 11, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2021

**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

None

2. OTHER – FINDINGS FOR RECOVERY

We identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS Controls report.

FINDING NUMBER 2020-001

Finding for Recovery Repaid Under Audit

State ex rel. McClure v Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit must serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 (the Bulletin) states that government entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s office does not view the expenditures of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Due to deficiencies in internal controls over disbursements, the following purchases for alcoholic beverages were made during the audit period, which were not purchased for resale at a public event as authorized by Auditor of State Bulletin 2014-003:

Check Date	Check Number	Amount of Alcohol in Check	Check Authorized by
1/15/2019	843	\$161.84	Denise Dahl
2/11/2019	853	\$361.97	Denise Dahl
3/1/2019	867	\$179.54	Denise Dahl
3/1/2019	864	\$180.00	Denise Dahl

*Includes sales tax

In accordance with the preceding facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Denise Dahl and in favor of the Community Improvement Corporation of Henry County General Fund in the amount of \$883.

The CIC should implement policies and procedures to verify that no alcohol purchases are made with public funds. Failure to do so could result in misappropriation of CIC resources and findings for recovery.

On October 8, 2021, the CIC issued a check in the amount of \$883 from the private fund bank account into the public fund bank account. This finding for recovery is considered repaid under audit.

Officials’ Response:

We did not receive a response from Officials to this finding.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Finding for recovery repaid under audit due to the purchase of alcohol with unsegregated public funds.	Not corrected and repeated as Finding 2020-001 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing purchases made with public and non-public money.

OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/4/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov