



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Statements of Financial Position December 31, 2020 and 2019.....	3
Statements of Activities For the years ended December 31, 2020 and 2019 .....	4
Statements of Cash Flows For the years ended December 31, 2020 and 2019 .....	5
Statements of Functional Expenses For the years ended December 31, 2020 and 2019 .....	6
Notes to Financial Statements December 31, 2020 and 2019.....	7
Statements of Financial Position December 31, 2019 and 2018.....	12
Statements of Activities For the years ended December 31, 2019 and 2018 .....	13
Statements of Cash Flows For the years ended December 31, 2019 and 2018 .....	14
Statements of Functional Expenses For the years ended December 31, 2019 and 2018 .....	15
Notes to Financial Statements December 31, 2019 and 2018.....	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings .....	25
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	26

**This page intentionally left blank.**



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

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

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 as of December 31, 2020, 2019, and 2018, the related statements of activities, cash flows, and functional expenses for the years then ended, 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.

**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 I of the 2020 financial statements and Note K of 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 December 14, 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

December 14, 2021

STATEMENTS OF FINANCIAL POSITION  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 377,824	\$ 358,046
Investments	133,846	131,486
Accounts receivable	43,528	33,737
Current portion of notes receivable	<u>59,100</u>	<u>29,700</u>
TOTAL CURRENT ASSETS	614,298	552,969
 <u>Equipment:</u>		
Furniture and equipment	69,391	61,855
Leasehold improvements	<u>7,739</u>	<u>7,739</u>
	77,130	69,594
Less accumulated depreciation	<u>61,443</u>	<u>58,189</u>
	15,687	11,405
 <u>Other Assets:</u>		
Notes receivable - net of current portion	<u>150,221</u>	<u>70,516</u>
	<u>\$ 780,206</u>	<u>\$ 634,890</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>Current Liabilities:</u>		
Accounts payable	\$ 9,156	\$ 9,889
Accrued payroll taxes	<u>1,203</u>	<u>662</u>
TOTAL CURRENT LIABILITIES	10,359	10,551
 Net assets without donor restrictions	<u>769,847</u>	<u>624,339</u>
	<u>\$ 780,206</u>	<u>\$ 634,890</u>

See accompanying notes.

STATEMENTS OF ACTIVITIES  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
For the years ended December 31, 2020 and 2019

	2020	2020	2019
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions
Support:			
Conveyance fees	\$ 350,924	\$ -	\$ 278,850
Job and Family Services consulting fee	66,053	-	75,768
Experience Ottawa County	100	-	23,227
OMJ Ottawa County (Ohio Means Jobs)	92,672	-	114,258
RISE Small Business Grant program	-	50,535	-
Reimbursements	8,006	-	14,331
Interest income	9,129	-	8,480
Other	6,054	-	-
Net assets released from restrictions	50,535	(50,535)	7,000
<b>TOTAL SUPPORT</b>	<b>583,473</b>	<b>-</b>	<b>521,914</b>
Expenses:			
Program services	379,480	-	446,752
Management and general	58,485	-	47,505
<b>TOTAL EXPENSES</b>	<b>437,965</b>	<b>-</b>	<b>494,257</b>
Increase in net assets	145,508	-	27,657
Net assets, beginning of year	624,339	-	596,682
Net assets, end of year	<b>\$ 769,847</b>	<b>\$ -</b>	<b>\$ 624,339</b>

See accompanying notes.

STATEMENTS OF CASH FLOWS

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:</u>		
Increase in net assets	\$ 145,508	\$ 27,657
Adjustments to reconcile increase in net assets to net cash from (for) operating activities:		
Depreciation	3,254	3,398
Changes during the year in operating assets and liabilities:		
Accounts receivable	(9,791)	(238)
Conveyance fees payable	-	(115,699)
Accounts payable	(733)	1,397
Accrued payroll taxes	541	(3)
CASH FROM (FOR) OPERATING ACTIVITIES	<u>138,779</u>	<u>(83,488)</u>
<u>CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:</u>		
Collections on notes receivable	40,895	65,661
Loans made during the year	(150,000)	(34,000)
Acquisitions of equipment and leasehold improvement	(7,536)	(3,090)
Reinvestment of interest earnings	(2,360)	(2,899)
CASH FROM (FOR) INVESTING ACTIVITIES	<u>(119,001)</u>	<u>25,672</u>
INCREASE (DECREASE) IN CASH	19,778	(57,816)
Cash and cash equivalents at beginning of year	358,046	415,862
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 377,824</u>	<u>\$ 358,046</u>

See accompanying notes.

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY**  
For the years ended December 31, 2020 and 2019

	2020		2019	
	Total	Program Services	Total	Program Services
<b>Salaries and Benefits:</b>				
Salary – Director	\$ 53,582	\$ 50,903	\$ 90,591	\$ 86,061
Salary – Workforce Director	40,795	40,795	55,716	55,716
Salary – Administrative Assistant	52,306	5,231	38,226	3,823
Salary – Employment Resource Coordinator	40,936	40,936	39,694	39,694
Salary – Employment Resource Assistant	15,752	15,752	19,774	19,774
Employee health and life insurance	1,198	1,198	1,589	1,589
Payroll taxes	16,950	11,201	19,553	15,428
Retirement	1,905	1,259	4,867	3,840
Total Salaries and Benefits	<u>223,424</u>	<u>167,275</u>	<u>270,010</u>	<u>225,925</u>
<b>Office Expenses:</b>				
Travel, lodging and meals	3,001	3,001	14,440	14,440
Membership, meetings and conferences	8,843	8,843	15,247	15,247
Legal and accounting fees	7,554	6,043	13,392	10,714
Communications	4,996	4,996	7,551	7,551
Rent	13,533	13,533	13,533	13,533
Office supplies	16,499	15,674	14,833	14,091
Depreciation	3,254	3,254	3,398	3,398
Business insurance	7,078	7,078	3,516	3,516
Continuing education	331	331	4,952	4,952
Total Office Expenses	<u>65,089</u>	<u>62,753</u>	<u>90,862</u>	<u>87,442</u>
<b>Marketing Expenses:</b>				
Experience Ottawa County	-	-	29,806	29,806
Advertising	55,643	55,643	62,152	62,152
Awards dinner	6,309	6,309	6,156	6,156
Total Marketing Expenses	<u>61,952</u>	<u>61,952</u>	<u>98,114</u>	<u>98,114</u>
<b>Development and Research Expenses:</b>				
RISE program/development	62,107	62,107	-	-
Economic development	16,476	16,476	11,686	11,686
Workforce development	8,917	8,917	23,585	23,585
Total Development and Research Expenses	<u>87,500</u>	<u>87,500</u>	<u>35,271</u>	<u>35,271</u>
<b>TOTAL EXPENSES</b>	<u>\$ 437,965</u>	<u>\$ 379,480</u>	<u>\$ 494,257</u>	<u>\$ 446,752</u>
				<u>\$ 47,505</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2020 and 2019

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 of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require 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 organization. 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 subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 statement of activities.

**Taxes:** The Corporation is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code.

**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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2020 and 2019

Note B - Accounting Policies (Continued):

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.

Revenue Recognition: Revenues are recognized when control of products or services are transferred to its customers. The Company does not have any significant financing component as payment is received at or shortly after the point of sale.

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.

Advertising: The Company expenses advertising costs when incurred. Advertising expenses amounted to \$55,643 for 2020 and \$62,152 for 2019.

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 \$1,905 for 2020 and \$4,867 for 2019.

Note D - Lease Obligations:

The Corporation leases office space under an annual operating lease, payable quarterly. Rent expense amounted to \$13,533 for 2020 and 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2020 and 2019

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 from two major sources: Ohio Means Jobs and Jobs and Family Services consulting fees. Accounts receivable from these organizations were unsecured and totaled \$41,320 as of December 31, 2020 and \$30,708 as of December 31, 2019.

The Corporation has extended secured credit with promissory notes to businesses in Ottawa County. The notes are to be used for promoting business startup and growth. Notes receivable totaled \$209,321 as of December 31, 2020 and \$100,216 as of December 31, 2019.

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, 2020 and 2019, the following notes receivable were outstanding:

	<u>2020</u>	<u>2019</u>
The Que Restaurant, secured by real estate, dated May 7, 2020 payable in 60 monthly installments of \$2,729 including interest payable at 3.5%, due May 2025	\$ 133,820	\$ -
QuinStock Adventures, LLC, secured by real estate and all assets, dated September 5, 2020 payable in interest only payments for 9 months then in 60 monthly installment payments of \$2,113 beginning July 1, 2020 including interest payable at 3.5%, due June 1, 2023	49,452	68,303
BMGL Holdings LLC, secured by real estate and all assets, dated August 19, 2020 payable in 60 monthly installments of \$618 including interest payable at 3.5%, due August 2024	<u>26,049</u>	<u>31,913</u>
Total Notes Receivable	209,321	100,216
Less Current Maturities	<u>59,100</u>	<u>29,700</u>
Net Long-Term Notes Receivable	<u>\$ 150,221</u>	<u>\$ 70,516</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
 December 31, 2020 and 2019

Note G - Fair Value Measurements:

Cash equivalents are presented on the financial statements at fair value. In determining fair value, we use various methodologies and prioritize the use of observable inputs. We assess the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 - Inputs include quoted prices for identical instruments and are the most observable.

Level 2 - Inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves.

Level 3 - Inputs include data not observable in the market and reflect management's judgements about the assumptions market participants would use in pricing the asset or liability.

The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our hierarchy assessment.

Valuation Methodologies:

Cash Equivalents and Investments - Highly liquid investments with a maturity of 90 days or less at date of purchase are classified as Cash and cash equivalents. Investments with a maturity date greater than 90 days at the date of purchase are classified as Investments. Certificates of deposit are reported at par value, which approximates fair value.

The fair values of all investments listed below as of December 31, 2020 and 2019 are reported at par value as of the measurement date (level 2 of the fair value hierarchy).

	<u>Assets at Fair Value as of December 31, 2020</u>	<u>Assets at Fair Value as of December 31, 2019</u>
Certificates of Deposit	\$ 133,846	\$ 131,486

Note H - Liquidity and Funds Available:

The following table reflects the Corporation's financial assets as of December 31, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held by others, perpetual endowments, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2020 and 2019

Note H - Liquidity and Funds Available (Continued):

Financial assets:	
Cash	\$ 377,824
Investments	133,846
Accounts receivable	43,528
Current portion of notes receivable	<u>59,100</u>
Financial assets at year-end	614,298
Less those unavailable to general expenditure within one year:	
Investments	<u>133,846</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 480,452</u>

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note I - Subsequent Events:

The Corporation evaluated subsequent events through the date of the opinion letter, the date that these financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in these financial statements other than as listed below.

The United States and the State of Ohio declared a state of emergency in March 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.

In January, 2021 the Corporation applied for and received a loan under the Payroll Protection Program (PPP) totaling \$50,833 with a stated annual interest rate of 1.00%. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll costs (as defined for purposes of the PPP) of the qualifying business. The loan and any accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, during a 24-week period following the receipt of the loan and maintains its payroll levels and employee headcount. On September 28, 2021, the Corporation received approval for loan forgiveness from the Small Business Administration.

STATEMENTS OF FINANCIAL POSITION  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 358,046	\$ 415,862
Investments	131,486	128,587
Accounts receivable	33,737	33,499
Current portion of notes receivable	<u>29,700</u>	<u>53,700</u>
TOTAL CURRENT ASSETS	552,969	631,648
 <u>Equipment:</u>		
Furniture and equipment	61,855	58,765
Leasehold improvements	<u>7,739</u>	<u>7,739</u>
	69,594	66,504
Less accumulated depreciation	<u>58,189</u>	<u>54,791</u>
	11,405	11,713
 <u>Other Assets:</u>		
Notes receivable - net of current portion	<u>70,516</u>	<u>78,177</u>
	<u>\$ 634,890</u>	<u>\$ 721,538</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Conveyance fees payable	\$ -	\$ 115,699
Accounts payable	9,889	8,492
Accrued payroll taxes	<u>662</u>	<u>665</u>
TOTAL CURRENT LIABILITIES	10,551	124,856
Net assets without donor restrictions	<u>624,339</u>	<u>596,682</u>
	<u>\$ 634,890</u>	<u>\$ 721,538</u>

See accompanying notes.

STATEMENTS OF ACTIVITIES  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
	Without Donor Restrictions	Without Donor Restrictions
Support:		
Conveyance fees	\$ 278,850	\$ 274,240
Job and Family Services consulting fee	75,768	73,517
Experience Ottawa County	23,227	19,568
OMJ Ottawa County (Ohio Means Jobs)	114,258	100,774
Reimbursements	14,331	13,799
Interest income	8,480	10,868
Other	7,000	7,000
TOTAL SUPPORT	<u>521,914</u>	<u>499,766</u>
Expenses:		
Program services	446,752	434,186
Management and general	47,505	44,421
TOTAL EXPENSES	<u>494,257</u>	<u>478,607</u>
Increase in net assets	27,657	21,159
Net assets, beginning of year	<u>596,682</u>	<u>575,523</u>
Net assets, end of year	<u>\$ 624,339</u>	<u>\$ 596,682</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:</u>		
Increase in net assets	\$ 27,657	\$ 21,159
Adjustments to reconcile increase in net assets to net cash from (for) operating activities:		
Depreciation	3,398	3,199
Changes during the year in operating assets and liabilities:		
Accounts receivable	(238)	12,028
Conveyance fees payable	(115,699)	115,699
Accounts payable	1,397	3,643
Accrued payroll taxes	(3)	(6,360)
CASH FROM (FOR) OPERATING ACTIVITIES	<u>(83,488)</u>	<u>149,368</u>
<u>CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:</u>		
Collections on notes receivable	65,661	113,372
Loans made during the year	(34,000)	-
Acquisitions of equipment and leasehold improvement	(3,090)	-
Reinvestment of interest earnings	(2,899)	(1,267)
CASH FROM INVESTING ACTIVITIES	<u>25,672</u>	<u>112,105</u>
INCREASE (DECREASE) IN CASH	<u>(57,816)</u>	<u>261,473</u>
Cash and cash equivalents at beginning of year	415,862	154,389
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 358,046</u>	<u>\$ 415,862</u>

See accompanying notes.

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY**  
For the years ended December 31, 2019 and 2018

	2019		2018	
	Total	Program Services	Total	Program Services
Salaries and Benefits:				
Salary – Director	\$ 90,591	\$ 86,061	\$ 88,118	\$ 83,713
Salary – Workforce Director	55,716	55,716	53,666	53,666
Salary – Administrative Assistant	38,226	3,823	36,632	3,663
Salary – Employment Resource Coordinator	39,694	39,694	42,979	42,979
Salary – Employment Resource Assistant	19,774	19,774	16,771	16,771
Employee health and life insurance	1,589	1,589	1,285	1,285
Payroll taxes	19,553	15,428	19,064	15,070
Retirement	4,867	3,840	4,592	3,630
Total Salaries and Benefits	<u>270,010</u>	<u>225,925</u>	<u>263,107</u>	<u>220,777</u>
Office Expenses:				
Travel, lodging and meals	14,440	14,440	12,177	12,177
Membership, meetings and conferences	15,247	-	19,582	-
Legal and accounting fees	13,392	10,714	4,664	3,731
Communications	7,551	-	5,888	-
Rent	13,533	13,533	13,533	13,533
Office supplies	14,833	14,091	23,168	22,010
Depreciation	3,398	3,398	3,199	3,199
Business insurance	3,516	3,516	3,836	3,836
Continuing education	4,952	4,952	3,139	3,139
Total Office Expenses	<u>90,862</u>	<u>87,442</u>	<u>89,186</u>	<u>87,095</u>
Marketing Expenses:				
Experience Ottawa County	29,806	29,806	29,710	29,710
Advertising	62,152	62,152	59,846	59,846
Awards dinner	6,156	6,156	6,142	6,142
Total Marketing Expenses	<u>98,114</u>	<u>98,114</u>	<u>95,698</u>	<u>95,698</u>
Development and Research Expenses:				
Economic development	11,686	11,686	7,442	7,442
Workforce development	23,585	23,585	23,174	23,174
Total Development and Research Expenses	<u>35,271</u>	<u>35,271</u>	<u>30,616</u>	<u>30,616</u>
<b>TOTAL EXPENSES</b>	<u>\$ 494,257</u>	<u>\$ 446,752</u>	<u>\$ 478,607</u>	<u>\$ 434,186</u>
				<u>\$ 44,421</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2019 and 2018

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 of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require 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 organization. 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 subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 statement of activities.

**Taxes:** The Corporation is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code.

**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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2019 and 2018

Note B - Accounting Policies (Continued):

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.

Revenue Recognition: Revenues are recognized when control of products or services are transferred to its customers. The Company does not have any significant financing component as payment is received at or shortly after the point of sale.

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.

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 \$4,867 for 2019 and \$4,592 for 2018.

Note D - Lease Obligations:

The Corporation leases office space under an annual operating lease, payable quarterly. Rent expense amounted to \$13,533 for 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
 December 31, 2019 and 2018

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 from two major sources: Ohio Means Jobs and Jobs and Family Services consulting fees. Accounts receivable from these organizations were unsecured and totaled \$30,708 as of December 31, 2019 and \$30,462 as of December 31, 2018.

The Corporation has extended secured credit with promissory notes to businesses in Ottawa County. The notes are to be used for promoting business startup and growth. Notes receivable totaled \$100,216 as of December 31, 2019 and \$131,877 as of December 31, 2018.

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, 2019 and 2018, the following notes receivable were outstanding:

	<u>2019</u>	<u>2018</u>
QuinStock Adventures, LLC, secured by real estate and all assets, dated September 5, 2019 payable in interest only payments for 9 months then in 60 monthly installment payments of \$2,113 beginning July 1, 2019 including interest payable at 3.5%, due June 1, 2023	\$ 68,303	\$ 88,991
BMGL Holdings LLC, secured by real estate and all assets, dated August 19, 2019 payable in 60 monthly installments of \$618 including interest payable at 3.5%, due August 2024	31,913	-
State and Lincoln, LLC, secured by real estate and all assets, dated December 31, 2018 payable in 60 monthly installments of \$926 beginning February 1, 2019 including interest payable at 4.25%, due January 6, 2021	-	22,139
AJS Logistics, secured by real estate, dated September 1, 2018 payable in 60 monthly installments of \$1,459 including interest payable at 3%, due September 2019	-	12,969
Sloopy's Café, secured by real estate, dated July 29, 2018 payable in 60 installments of \$849 including interest payable at 5%, due August 2019	-	6,691

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2019 and 2018

Note F - Notes Receivable (continued):

	<u>2019</u>	<u>2018</u>
Ala Carte Café, secured by real estate and business assets, dated April 3, 2018 payable in 60 installments of \$276 including interest payable at 3.99%, due April 2019	-	1,087
Total Notes Receivable	<u>100,216</u>	<u>131,877</u>
Less Current Maturities	<u>29,700</u>	<u>53,700</u>
Net Long-Term Notes Receivable	<u>\$ 70,516</u>	<u>\$ 78,177</u>

Note G - Fair Value Measurements:

Cash equivalents are presented on the financial statements at fair value. In determining fair value, we use various methodologies and prioritize the use of observable inputs. We assess the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 - Inputs include quoted prices for identical instruments and are the most observable.

Level 2 - Inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves.

Level 3 - Inputs include data not observable in the market and reflect management's judgements about the assumptions market participants would use in pricing the asset or liability.

The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our hierarchy assessment.

Valuation Methodologies:

Cash Equivalents and Investments - Highly liquid investments with a maturity of 90 days or less at date of purchase are classified as Cash and cash equivalents. Investments with a maturity date greater than 90 days at the date of purchase are classified as Investments. Certificates of deposit are reported at par value, which approximates fair value.

The fair values of all investments listed below as of December 31, 2019 and 2018 are reported at par value as of the measurement date (level 2 of the fair value hierarchy).

	<u>Assets at Fair Value as of December 31, 2019</u>	<u>Assets at Fair Value as of December 31, 2018</u>
Certificates of Deposit	\$ 131,486	\$ 128,587

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2019 and 2018

Note H - Liquidity and funds available:

The following table reflects the Corporation's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held by others, perpetual endowments, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets:	
Cash	\$ 358,046
Investments	131,486
Accounts receivable	33,737
Current portion of notes receivable	<u>29,700</u>
Financial assets at year-end	552,969
Less those unavailable to general expenditure within one year:	
Investments	<u>131,486</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 421,483</u>

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note I - Conveyance Fee Payable:

In February 2019, it was discovered that the Corporation received excess conveyance fees from Ottawa County for 2018. This overpayment amounted to \$115,699 as of December 31, 2018. The Corporation repaid this amount in March, 2019.

Note J - Adoption of New Accounting Standard:

The Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958) became effective for the Corporation's financial statements beginning in 2018. The ASU amends how not-for-profit organizations classify their net assets, as well as the information presented in the financial statements and notes about liquidity, financial performance and cash flows. The Corporation adopted this new standard during the year ended December 31, 2018 on a retrospective basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
December 31, 2019 and 2018

Note J - Adoption of New Accounting Standard (continued):

The Corporation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Corporation's financial statements:

- The temporary restricted (and permanently restricted) net assets classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note H).

Note K - Subsequent Events:

In connection with the preparation of the financial statements, the Corporation has evaluated events subsequent to December 31, 2019 through the date of the opinion letter, which is the date the financial statements were available to be issued and has concluded that no additional disclosures were required.

The United States and the State of Ohio declared a state of emergency in March 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.

**This page intentionally left blank.**



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

**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

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), (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 December 14, 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. 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 2020-001 to be a material weakness.

***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*.

***Corporation's Response to Finding***

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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

December 14, 2021

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY  
OTTAWA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

**Material Weakness - Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2020, RISE small business program receipts with donor restrictions (and corresponding net assets released from restrictions) in the amount of \$50,535 were improperly identified as receipts without donor restrictions.

This error was not identified and corrected prior to the Corporation preparing its financial statements due to deficiencies in the Corporation's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements have been adjusted to reflect this change.

To help ensure the Corporation's financial statements and notes to the financial statements are complete and accurate, the Corporation should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements to help identify and correct errors and omissions.

**Officials' Response:**

The Executive Director will take measures to ensure it (and other similar items) will be presented properly in future financial statements.

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2020-001 in this report.	Matters related to Finding 2018-001 were corrected during the current audit period. However, an additional error not previously communicated in Finding 2018-001 was noted during the current audit due to deficiencies in the Corporation's internal controls over financial statement monitoring. The Executive Director will take measures to ensure it (and other similar items) will be presented properly in future financial statements.

# OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY**

**OTTAWA 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 12/30/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)