



OHIO AUDITOR OF STATE
KEITH FABER



**HARRISON COMMUNITY IMPROVEMENT CORPORATION
HAMILTON COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Harrison Community Improvement Corporation
Hamilton County
300 George Street
Harrison, Ohio 45030

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Harrison Community Improvement Corporation, Hamilton County, Ohio (the Corporation), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Harrison Community Improvement Corporation, Hamilton County, Ohio as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, 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. 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 Corporation'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 the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
December 20, 2023

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HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

This discussion and analysis of the Harrison Community Improvement Corporation (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key highlights for 2022:

- The Corporation ended the year with an unrestricted net position balance of \$31,288. This represents a decrease from December 31, 2021's net position balance of \$34,921.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Corporation. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Corporation finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Corporation using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

These two statements report the Corporation's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Corporation has improved or diminished. However, in evaluating this position, non-financial information will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Corporation, assets and net position were \$31,288 as of December 31, 2022.

The following table provides a summary of the Corporation's net position for the years ended December 31, 2022 and 2021:

	2022	2021
<i>Assets</i>		
Current assets	\$ 16,288	\$ 14,921
Long-term assets	15,000	20,000
<i>Total assets</i>	31,288	34,921
<i>Net position</i>		
Unrestricted	\$ 31,288	\$ 34,921

As discussed in Note 4 to the financial statements, the Corporation provides loans to local businesses for community and economic development purposes. These loans are issued with interest of one percent and have a maturity of four years. During 2021, the Corporation converted half of the loan balances for all of its outstanding loans to grants. This resulted in a reduction in the amount of outstanding loans from \$40,000 at December 31, 2020 to \$20,000 at December 31, 2021. Repayment on these loans began in 2022.

At the end of the year, the Corporation has an ending net position balance of \$31,288, which is unrestricted and may be used to meet ongoing obligations and invest in community and economic development activities.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

The following table provides a summary of the changes in the Corporation's net position for the years ended December 31, 2022 and 2021:

	2022	2021
<i>Operating expenses</i>		
Dora Grants		\$ 4,647
Forgiveness of Loans		20,000
Form 1023 Filing	\$ 1,609	
GAAP Conversion/FS Filing	2,000	
Fees to Secretary of State	75	
<i>Total operating expenses</i>	3,684	24,647
<i>Operating losses</i>	\$ (3,684)	\$ (24,647)
<i>Nonoperating revenues</i>		
Interest earnings	51	2
<i>Total nonoperating revenues</i>	51	2
<i>Change in net position</i>	(3,633)	(24,645)
<i>Net position, beginning of year</i>	34,921	59,566
<i>Net position, end of year</i>	\$ 31,288	\$ 34,921

During 2022, the Corporation's net position decreased by \$3,633. The Corporation engaged a CPA firm to file the required GAAP statements with the Auditor of State and also amended the articles of incorporation to obtain a non-profit status.

Capital Assets and Debt Administration

As of December 31, 2022 and 2021, the Corporation owns no capital assets and had no outstanding debt issued in its name.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Corporation's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Corporation at 300 George Street, Harrison, Ohio 45030.

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HARRISON COMMUNITY IMPROVEMENT CORPORATION
Hamilton County, Ohio
Statement of Net Position
December 31, 2022

	2022
<i>Assets</i>	
Cash	\$ 16,288
Loans Receivable	15,000
<i>Total assets</i>	<u>31,288</u>
<i>Net position</i>	
Unrestricted	<u>\$ 31,288</u>

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

	2022
<i>Operating expenses</i>	
Form 1023 Filing	\$ 1,609
GAAP Conversion/FS Filing	2,000
Fees to Secretary of State	75
<i>Total operating expenses</i>	3,684
<i>Operating losses</i>	\$ (3,684)
<i>Nonoperating revenues</i>	
Interest earnings	51
<i>Total nonoperating revenues</i>	51
<i>Change in net position</i>	(3,633)
<i>Net position, beginning of year</i>	34,921
<i>Net position, end of year</i>	\$ 31,288

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Statement of Cash Flows

For the Year Ended December 31, 2022

	2022	
<i>Cash flows from operating activities</i>		
Cash payments for operating expenses	\$ 1,316	
<i>Cash flows from investing activities</i>		
Interest earnings	51	
Net decrease in cash and cash equivalents	1,367	
Cash-beginning of year	14,921	
Cash-end of year	16,288	
<i>Reconciliation of operating loss to net cash from operating activities:</i>		
Operating loss	(3,684)	
Decrease in Loans Receivable	5,000	
Net cash flows from operating activities	1,316	

See accompanying notes to the financial statements.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

NOTE 1—DESCRIPTION OF THE ENTITY

The Harrison Community Improvement Corporation, Hamilton County, Ohio (the Corporation), is a not-for-profit organization that was established on January 30, 2018. The Corporation was formed to provide and develop economic opportunities in the City of Harrison (the City).

The Corporation is governed by a seven-member Board of Trustees comprised of elected and appointed city officials, and non-government members of the community as prescribed in the Ohio Revised Code. Community improvement corporations are non-profit corporations organized for the purposes of “advancing, encouraging, and promoting the industrial, economic, commercial and civic development of a community or area” (Ohio Revised Code Section 1724.01(B)(1)). A community improvement corporation is a tax-exempt nonprofit entity. It may also apply to become tax exempt for federal purposes. Legislation allowing for the establishment of these entities was enacted by the General Assembly in 1961 (SB 299, effective August 17, 1961).

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Corporation’s accounting policies are described below.

Basis of Accounting

The basic financial statements of the Corporation are prepared using the accrual basis of accounting in conformity with GAAP. Revenue are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

Net Position

Net position represents the difference between assets and liabilities. The Corporation does not report restricted net position.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenue and Expenses

Operating revenue initially consisted of property sales proceeds from the City. Operating expenses include grants for the District Designated Outdoor Refreshment Area (DORA) in the City’s historic downtown, and for other economic development.

Non-operating revenue and expenses are all revenue and expenses not meeting the definition of operating revenue and expenses.

NOTE 3—CASH

At December 31, 2022, the carrying amount and bank balance of the Corporation’s deposits was \$16,288. Based on criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2022, the entire bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 4—RECEIVABLES

Loans receivable represent low-interest loans made by the Corporation for the purpose of financing economic development. In 2020, the Corporation issued eight \$5,000 loans at an interest rate of one percent and have repayment requirements of four years.

During 2021, the Board approved to convert half of the loan balance of each business to a grant. Repayments began in February 2022. Loans receivable on December 31, 2022 were comprised of the following:

Ahead of the Curve Gifts	\$	1,875
Chic Design & Décor		1,875
Coffee Peddlar		1,875
Custom Art & Graphics		1,875
Heist & Company		1,875
O'Reilly Floral Design, LLC		1,875
Paradise Island Salon		1,875
Whitewater Trading Post		1,875
	\$	15,000

NOTE 5—RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions and is covered under the City’s insurance policy.

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HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2021

This discussion and analysis of the Harrison Community Improvement Corporation (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key highlights for 2021:

- The Corporation ended the year with an unrestricted net position balance of \$34,921. This represents a decrease from December 31, 2020's net position balance of \$59,566.
- In 2021, the Corporation converted half of the loan balances for all of its outstanding loans to grants. This resulted in a reduction in the amount of outstanding loans from \$40,000 at December 31, 2020 to \$20,000 at December 31, 2021.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Corporation. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Corporation finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Corporation using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

These two statements report the Corporation's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Corporation has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Corporation, assets and net position were \$34,921 as of December 31, 2021.

The following table provides a summary of the Corporation's net position for the years ended December 31, 2021 and 2020:

Table 1
Net Position

	<u>2021</u>	<u>2020</u>
<i>Assets</i>		
Current assets	\$ 14,921	\$ 19,566
Long-term assets	<u>20,000</u>	<u>40,000</u>
<i>Total assets</i>	<u>34,921</u>	<u>59,566</u>
<i>Net position</i>		
Unrestricted	<u>\$ 34,921</u>	<u>\$ 59,566</u>

As discussed in Note 4 to the financial statements, the Corporation provides loans to local businesses for community and economic development purposes. These loans are issued with interest of one percent and have a mature of four years. During 2021, the Corporation converted half of the loan balances for all of its outstanding loans to grants. This resulted in a reduction in the amount of outstanding loans from \$40,000 at December 31, 2020 to \$20,000 at December 31, 2021. Repayment on these loans will begin in 2022.

At the end of the year, the Corporation has an ending net position balance of \$34,921, which is unrestricted and may be used to meet ongoing obligations and invest in community and economic development activities.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The following table provides a summary of the changes in the Corporation's net position for the years ended December 31, 2021 and 2020:

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
<i>Operating expenses</i>		
DORA grants	\$ 4,647	\$ 6,117
Forgiveness of Loans	<u>20,000</u>	<u>-</u>
<i>Total operating expenses</i>	<u>24,647</u>	<u>6,117</u>
 <i>Operating losses</i>	 (24,647)	 (6,117)
 <i>Nonoperating revenues</i>		
Interest earnings	<u>2</u>	<u>276</u>
<i>Total nonoperating revenues</i>	<u>2</u>	<u>276</u>
 <i>Change in net position</i>	 (24,645)	 (5,841)
<i>Net position, beginning of year</i>	<u>59,566</u>	<u>65,407</u>
<i>Net position, end of year</i>	<u>\$ 34,921</u>	<u>\$ 59,566</u>

During 2021, the Corporation's net position decreased by \$24,645. The majority of this decrease was due to the previously discussed loan-to-grant conversion. Additionally, the Corporation provided grants to businesses in the City of Harrison's historic downtown to support the District DORA (Designated Outdoor Refreshment Area).

Capital Assets and Debt Administration

As of December 31, 2021 and 2020, the Corporation owns no capital assets and had no outstanding debt issued in its name.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Corporation's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Corporation at 300 George Street, Harrison, Ohio 45030.

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HARRISON COMMUNITY IMPROVEMENT CORPORATION
Hamilton County, Ohio
Statement of Net Position
December 31, 2021

Assets

Current assets:

Cash \$ 14,921

Long-term assets:

Loans receivable 20,000

Total assets 34,921

Net position

Unrestricted \$ 34,921

HARRISON COMMUNITY IMPROVEMENT CORPORATION
Hamilton County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

<i>Operating expenses:</i>	
DORA grants	\$ 4,647
Forgiveness of loans	<u>20,000</u>
Total operating expenses	<u>24,647</u>
Operating loss	(24,647)
<i>Non-operating revenue:</i>	
Interest earnings	<u>2</u>
Change in net position	(24,645)
Net position-beginning of year	<u>59,566</u>
Net position-end of year	<u>\$ 34,921</u>

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Statement of Cash Flows

For the Year Ended December 31, 2021

Cash flows from operating activities

Cash payments for operating expenses \$ (4,647)

Cash flows from investing activities

Interest earnings 2

Net decrease in cash and cash equivalents (4,645)

Cash-beginning of year 19,566

Cash-end of year \$ 14,921

Reconciliation of operating loss to net cash from operating activities:

Operating loss \$ (24,647)

Adjustments to reconcile operating loss to net
cash from operating activities:

Change in loans receivable 20,000

Net cash flows from operating activities \$ (4,647)

Schedule of non-cash operating activities:

Forgiveness of loans \$ 20,000

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

NOTE 1—DESCRIPTION OF THE ENTITY

The Harrison Community Improvement Corporation, Hamilton County, Ohio (the Corporation), is a not-for-profit organization that was established on January 30, 2018. The Corporation was formed to provide and develop economic opportunities in the City of Harrison (the City).

The Corporation is governed by a seven-member Board of Trustees comprised of elected and appointed city officials, and non-government members of the community as prescribed in the Ohio Revised Code. Community improvement corporations are non-profit corporations organized for the purposes of “advancing, encouraging, and promoting the industrial, economic, commercial and civic development of a community or area” (Ohio Revised Code Section 1724.01(B)(1)). A community improvement corporation is a tax-exempt nonprofit entity. It may also apply to become tax exempt for federal purposes. Legislation allowing for the establishment of these entities was enacted by the General Assembly in 1961 (SB 299, effective August 17, 1961).

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Corporation’s accounting policies are described below.

Basis of Accounting

The basic financial statements of the Corporation are prepared using the accrual basis of accounting in conformity with GAAP. Revenue are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

Net Position

Net position represents the difference between assets and liabilities. The Corporation does not report restricted net position.

HARRISON COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenue and Expenses

Operating revenue initially consisted of property sales proceeds from the City. Operating expenses include grants for the District Designated Outdoor Refreshment Area (DORA) in the City’s historic downtown, and for other economic development.

Non-operating revenue and expenses are all revenue and expenses not meeting the definition of operating revenue and expenses.

NOTE 3—CASH

At December 31, 2021, the carrying amount and bank balance of the Corporation’s deposits was \$14,921, respectively. Based on criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2021, the entire bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 4—RECEIVABLES

Loans receivable represent low-interest loans made by the Corporation for the purpose of financing economic development. In 2020, the Corporation issued eight \$5,000 loans at an interest rate of one percent and have repayment requirements of four years.

During 2021, the Board approved to convert half of the loan balance of each business to a grant and to delay the repayment start date to February 2022. Loans receivable at December 31, 2021 were comprised of the following:

Ahead of the Curve Gifts, LLC	\$	2,500
Chic Design & Décor		2,500
Coffee Peddler		2,500
Custom Art & Graphics		2,500
Heist & Co.		2,500
O’Reilly Floral & Design, LLC		2,500
Paradise Island Salon		2,500
Whitewater Trading Post		2,500
Total Loans Receivable	\$	<u>20,000</u>

NOTE 5—RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions and is covered under the City’s insurance policy.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Harrison Community Improvement Corporation
Hamilton County
300 George Street
Harrison, Ohio 45030

To the Board of Directors:

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 (*Government Auditing Standards*), the financial statements of the Harrison Community Improvement Corporation, Hamilton County, (the Corporation) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 financial statements. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
December 20, 2023

HARRISON COMMUNITY IMPROVEMENT CORPORATION
HAMILTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

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. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The following conditions related to management controls over financial reporting were identified:

- Forgiveness of Loan totaling \$20,000 was incorrectly recorded as Economic Development Grants in 2021.
- Loan-to-Grant Conversion was incorrectly recorded as a reconciling item between Operating Loss and Net Cash From Operating Activities instead of as a Noncash Activity on the Statement of Cash Flows in 2021.
- Cash Payments for Operating Expenses was understated by \$5,000 and Cash-Beginning of Year was overstated by \$20,000 on the Statement of Cash Flows in 2022.

The accompanying financial statements have been corrected for these errors. The Corporation did not have procedures in place for effective monitoring of the Corporation's financial activity, and the accuracy of accounting and financial reporting. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Corporation officials should update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

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

OHIO AUDITOR OF STATE KEITH FABER



HARRISON COMMUNITY IMPROVEMENT CORPORATION

HAMILTON 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 1/2/2024

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Phone: 614-466-4514 or 800-282-0370

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