

**COMMUNITY IMPROVEMENT CORPORATION  
OF DEFIANCE COUNTY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Years Ended December 31, 2001 and 2000*





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
Columbus, Ohio 43215

Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

To the Board of Trustees  
Defiance County Community Improvement Corporation  
197 2B-1 Islan Park Ave.  
Defiance, Ohio 43212

We have reviewed the Independent Auditor's Report of Defiance County Community Improvement Corporation, prepared by Steyer & Co., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Defiance County Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

May 13, 2002

**This Page is Intentionally Left Blank.**

## **C O N T E N T S**

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	8

**This Page is Intentionally Left Blank.**

# STEYER & CO.

*Certified Public Accountants*

2000 NORTH CLINTON STREET  
DEFIANCE, OHIO 43512  
PHONE (419) 782-1030  
FAX (419) 782-5298

## Independent Auditor's Report

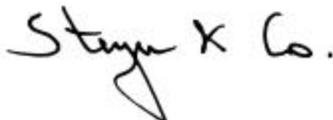
To the Board of Trustees  
Community Improvement Corporation of Defiance County  
Defiance, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Defiance County (a nonprofit organization) as of December 31, 2001, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2000, were audited by another auditor, and he expressed an unqualified opinion on those statements in his report dated March 6, 2001.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Defiance County as of December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2002, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



STEYER & CO.

Defiance, Ohio  
April 1, 2002

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2001 and 2000

	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,384	\$ 1,289
Certificates of deposit	87,998	89,454
Prepaid insurance	-	150
Total current assets	<b>91,382</b>	90,893
<b>PROPERTY AND EQUIPMENT (NOTE 1)</b>		
Office equipment	7,646	6,315
Less accumulated depreciation	6,554	6,188
Net property and equipment	<b>1,092</b>	127
<b>OTHER ASSETS</b>		
Note receivable (note 2)	30,000	-
<b>TOTAL ASSETS</b>	<b>\$ 122,474</b>	\$ 91,020
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payroll taxes withheld	\$ 883	\$ 829
Total liabilities	<b>883</b>	829
<b>NET ASSETS - UNRESTRICTED</b>	<b>121,591</b>	90,191
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 122,474</b>	\$ 91,020

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2001 and 2000

	<b>2001</b>	<b>2000</b>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE</b>		
Public and private support	\$ 131,961	\$ 87,650
Enterprise zone application fees	16,054	15,261
Interest income	4,391	4,714
Miscellaneous	50	200
Total revenue	<b>152,456</b>	107,825
<b>EXPENSES</b>		
Program services:		
Economic development	<b>103,568</b>	83,062
Supporting services:		
General and administrative	<b>17,488</b>	19,064
Total expenses	<b>121,056</b>	102,126
<b>CHANGE IN NET ASSETS</b>	<b>31,400</b>	5,699
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>90,191</b>	84,492
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 121,591</b>	\$ 90,191

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2001 and 2000

	2001			2000		
	Program Services	Supporting Services	Total Expenses	Program Services	Supporting Services	Total Expenses
Advertising	\$ 13,125	\$ -	\$ 13,125	\$ 5,500	\$ -	\$ 5,500
Consulting	114	-	114	1,000	-	1,000
Depreciation	183	183	366	72	72	144
Equipment and maintenance	37	38	75	1,142	1,142	2,284
Fringe benefits	10,473	1,848	12,321	9,578	1,690	11,268
Foreign trade zone	16,386	-	16,386	-	-	-
Insurance	450	450	900	525	525	1,050
Legal and professional	-	720	720	-	720	720
Memberships	2,027	2,027	4,054	1,837	1,837	3,674
Miscellaneous	134	134	268	125	125	250
Office supplies	559	1,677	2,236	474	1,423	1,897
Postage	307	308	615	486	486	972
Promotion	2,904	-	2,904	923	-	923
Salary	49,438	8,725	58,163	54,329	9,586	63,915
Software	82	82	164	254	254	508
Staff training	462	81	543	854	151	1,005
Telephone	3,375	595	3,970	2,950	521	3,471
Travel and entertainment	3,512	620	4,132	3,013	532	3,545
	<b>\$ 103,568</b>	<b>\$ 17,488</b>	<b>\$ 121,056</b>	<b>\$ 83,062</b>	<b>\$ 19,064</b>	<b>\$ 102,126</b>

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2001 and 2000

	<b>2001</b>	<b>2000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ <b>31,400</b>	\$ 5,699
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	<b>366</b>	144
(Increase) decrease in prepaid expenses	<b>150</b>	(150)
Increase in payroll taxes withheld	<b>54</b>	829
Total adjustments	<b>570</b>	823
Net cash provided by operating activities	<b>31,970</b>	6,522
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in notes receivable	<b>(30,000)</b>	-
Net (purchase) redemption of certificates of deposit	<b>1,456</b>	(6,655)
Purchase of land (note 3)	<b>(65,856)</b>	-
Purchase of property and equipment	<b>(1,331)</b>	-
Proceeds from sale of land (note 3)	<b>65,856</b>	-
Net cash used in investing activities	<b>(29,875)</b>	(6,655)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,095</b>	(133)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,289</b>	1,422
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 3,384</b>	\$ 1,289

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

*December 31, 2001 and 2000*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** – Community Improvement Corporation of Defiance County is incorporated as a corporation, not for profit, under section 1724.01, of the revised code of the State of Ohio, to advance, encourage and promote the industrial, economic, commercial and civic development of Defiance County.

**BASIS OF ACCOUNTING** - The financial statements of Community Improvement Corporation of Defiance County have been prepared on the accrual basis and accordingly reflect all significant receivables, payables and other liabilities.

**BASIS OF PRESENTATION** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117 the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**PROPERTY AND EQUIPMENT** – Property and equipment are stated at cost. Depreciation for financial reporting is computed using accelerated methods and for federal tax reporting is computed using the modified accelerated cost recovery method. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Maintenance and repairs are charged to expense as incurred.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude donor restricted cash and cash equivalents.

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

**INCOME TAX STATUS** - The Organization is a not-for-profit organization that the Internal Revenue Service has determined to be exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

**EXPENSE ALLOCATION** - Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates.

Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**RESTRICTED AND UNRESTRICTED REVENUE** – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the Organization.

The Board of Trustees has discretionary control of the unrestricted net assets to use in the activities of the Organization.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

*December 31, 2001 and 2000*

**NOTE 2 – NOTE RECEIVABLE**

Notes receivable consist of the following:

	<u>2001</u>	<u>2000</u>
Note receivable from Northwest Ethanol, LLC (a limited liability company), dated October 19, 2001, maturing June 30, 2005, due in 3 annual payments of \$10,000 beginning June 30, 2003, including interest at a fixed rate of 2.0%. Unsecured.	\$ 30,000	\$ -
Amount due within one year	<u>-</u>	<u>-</u>
Amount due after one year	<u>\$ 30,000</u>	<u>\$ -</u>

**NOTE 3 – LAND PURCHASE/SALE**

Community Improvement Corporation of Defiance County entered into an agreement with the City of Defiance to purchase 18.816 acres of land for a total purchase price of \$65,856 for use by One Source Diversified Services, Ltd. The Community Improvement Corporation of Defiance County then sold the land to One Source Diversified Services, Ltd. for \$65,856, resulting in no gain or loss on the transaction.

# STEYER & CO.

*Certified Public Accountants*

2000 NORTH CLINTON STREET  
DEFIANCE, OHIO 43512  
PHONE (419) 782-1030  
FAX (419) 782-5298

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Community Improvement Corporation of Defiance County

We have audited the financial statements of Community Improvement Corporation of Defiance County (a nonprofit organization) as of December 31, 2001, and have issued our report thereon dated April 1, 2002. We conducted our audit in accordance with 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.

### Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Community Improvement Corporation of Defiance County in a separate letter dated April 1, 2002.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be used and should not be used by anyone other than these specified parties.



STEYER & CO.

April 1, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**DEFIANCE COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 21, 2002**