



**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**INITIAL AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Financial Position – For the Year Ended December 31, 2000 .....	3
Statement of Activities – For the Year Ended December 31, 2000 .....	4
Statement of Cash Flows – For the Year Ended December 31, 2000 .....	5
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Community Improvement Corporation  
Gallia County  
16 State Street, P.O. Box 465  
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the statement of financial position of the Community Improvement Corporation, Gallia County, Ohio (the Corporation), as of and for the year ended December 31, 2000, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, Gallia County, as of December 31, 2000, 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 December 14, 2001, 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 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.

**Jim Petro**  
Auditor of State

December 14, 2001

**This page intentionally left blank.**

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2000**

	<u>2000</u>
<b>ASSETS:</b>	
Current Assets:	
Cash	\$ 50,694
Investments - Certificates of Deposit	75,000
Loan Receivable	249,000
Interest Receivable	<u>592</u>
Total Current Assets	375,286
Noncurrent Assets:	
Office Furniture and Fixtures	48,247
Leasehold Improvements	2,000
Building Improvements - InfoCision	294,869
Land	2,415,318
Deposits	130
Less: Accumulated Depreciation	<u>(33,396)</u>
Total Noncurrent Assets	<u>2,727,168</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,102,454</u></b>
<b>LIABILITIES AND NET ASSETS:</b>	
Current Liabilities:	
Note Payable - InfoCision	<u>\$ 266,664</u>
Total Current Liabilities	266,664
Total Net Assets - Unrestricted	<u>2,835,790</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,102,454</u></b>

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

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>2000</u>
<b>Changes in Unrestricted Net Assets:</b>	
<b>Revenues:</b>	
Memberships	\$ 425
Contributions	3,500
Grants	415,798
Interest Income	5,814
Chamber Service Contracts	9,380
Rent	21,480
Miscellaneous	<u>4,679</u>
Total Operating Revenues	461,076
<b>Expenses:</b>	
General and Administrative Expense	307,453
Interest Expense	22,665
Depreciation	<u>6,818</u>
Total Operating Expenses	<u>336,936</u>
Increase in Unrestricted Net Assets	124,140
Net Assets - January 1	<u>2,711,650</u>
<b>Net Assets - December 31</b>	<b><u><u>\$ 2,835,790</u></u></b>

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

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>2000</u>
<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ 124,140
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used by) Operating Activities:</b>	
(Increase) in Interest Receivable	(592)
Depreciation	<u>6,818</u>
Total Adjustments	<u>6,226</u>
Net Cash Provided by (Used by) Operating Activities	130,366
<b>Cash Flows from Investing Activities:</b>	
Redemption of Certificates of Deposit	215,683
Purchase of Certificate of Deposit	(75,000)
Purchase of Furniture and Fixtures	(8,010)
Building Improvements	(294,869)
(Increase) in Deposits	(110)
Improvements to Land	<u>(4,500)</u>
Net Cash Provided by (Used by) Investing Activities	(166,806)
<b>Cash Flows from Financing Activities:</b>	
Proceeds of Debt Issuance	348,500
Principal Payment on Debt	<u>(421,836)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(73,336)</u>
Net Increase/(Decrease) in Cash	(109,776)
Cash - January 1	<u>160,470</u>
<b>Cash - December 31</b>	<b><u>\$ 50,694</u></b>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>	
Interest Paid During the Year	<b><u>\$ 22,665</u></b>

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

**This page intentionally left blank.**

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Community Improvement Corporation, Gallia County (the Corporation), is a not-for-profit corporation and was incorporated on December 2, 1964, under authority of Ohio Rev. Code Section 1702.01. The Corporation is governed by an appointed Board of Trustees, comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage, and promote the industrial, economic, commercial and civic development of Gallia County, Ohio.

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

**B. Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis.

In 1994, the Corporation adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations" (SFAS No. 117). The statement of the new standards have been applied to the year presented.

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

- **Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.
- **Permanently restricted net assets** - Net assets subject to donor-imposed stipulation that they be maintained permanently or until all donor imposed restrictions are met by the organization. Generally, the donors of these assets permitted organization to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2000, all assets were unrestricted.

**C. Tax Status**

The Corporation has been recognized by the State of Ohio as a tax exempt organization and by the Internal Revenue Service as a Section 501(C)(4) nonprofit organization. Accordingly, the federal tax status would reflect the Corporation's tax exempt status. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Depreciation**

The organization provides for depreciation in amounts adequate to amortize costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight line method for both financial book and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles. Depreciation charged to operations was \$6,818 for the year ended December, 31, 2000.

**E. Use of 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. PROPERTY, PLANT AND EQUIPMENT**

Property and equipment and related accumulated depreciation at December 31, 2000, are as follows:

	<u>Cost</u>
Furniture and Fixtures	\$ 48,247
Leasehold Improvements	2,000
Less Accumulated Depreciation	(33,397)
Total	\$ 16,850

**3. INDUSTRIAL PARK**

This property consists of raw land and development costs expended to date on the industrial park and sewer project on State Route 850 in Gallia County, Ohio.

**4. NOTES PAYABLE**

Notes payable outstanding at December 31, 2000, were as:

	<u>Principal</u>	<u>Interest Rate</u>
Note Payable - Oak Hill Banks	\$ 266,664	7.50%
Total	\$ 266,664	

The note payable was approved to finance improvements to the leased Cornet Building, which was subleased to InfoCision Management Corporation. The note is secured by the assignment of the lease from InfoCision to the Corporation.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**4. NOTES PAYABLE (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Note Payable</u>
2001	\$ 54,000
2002	54,000
2003	<u>202,565</u>
Total	<u>\$ 310,565</u>

**5. OPERATING LEASES**

The Corporation has leased its office facilities under a one year lease for \$833 per month. Total lease expense for 2000 was \$9,996.

The Corporation entered into a vehicle lease with Norris Northup Dodge during 2000 for \$715 per month. Total lease expense for 2000 was \$ 8,850.

The Corporation entered into a building lease with John L. and Ann Cornett and George R. and Margaret Cornett on August 8, 2000, for a period of two years for \$1,000 per month. Total lease expense for 2000 was \$4,000. Subsequently, the Corporation subleased the building to InfoCision Management Corporation on September 13, 2000, for a period of two years for \$4,457 per month, with additional space available for \$1,300. Total lease revenue for 2000 was \$21,480.

The Corporation entered into an equipment lease with Carmichael's Farm & Lawn in September 2000, for a period of four months for \$1,000 per month. Total lease expense for 2000 was \$4000. Subsequently, the Corporation purchased the leased equipment in February 2001 for \$11,500, with lease payments being applied towards the purchase price.

**6. CASH AND INVESTMENTS**

The Corporation maintains a checking account, savings account and certificate of deposit. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>
Demand Deposits	\$ 50,694
Certificate of Deposit	<u>75,000</u>
Total	<u>\$ 125,694</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. Deposits in excess of \$100,000 are uninsured.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**7. ADVERTISING AND MARKETING**

The Corporation's policy is to currently expense all advertising and marketing costs as the benefit is directly related to current periods with minimal future benefit.

**8. LOAN RECEIVABLE - J.P. HOLLEY**

The receivable from J.P. Holley arose from the sale of the Silver Bridge property under a land purchase agreement. As part of the purchase agreement, the purchaser has obtained an irrevocable letter of credit from the Ohio Valley Bank in favor of the Corporation in the amount of \$250,000 which expires January 10, 2001.

**9. CONTINGENCIES**

**Concentration of Funding Sources - Grants**

The Corporation receives a majority of its support from federal, state and local grants. Should those grants cease to be available, the Corporation's ability to operate would be significantly restricted. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation at December 31, 2000.

**10. FUNCTIONAL EXPENSES**

A schedule of functional expenses for the year ended December 31, 2000, is as follows:

<u>General and Administrative Expenses:</u>	<u>Amount</u>
Salaries	\$ 136,432
Rent	14,004
Dues	145
Advertising and Marketing	48,706
Legal and Professional Services	19,716
Computer Services	2,367
Office Supplies and Printing	6,696
Taxes - Payroll	7,265
Taxes - Real Estate	2,155
Telephone	7,677
Travel and Conferences	13,623
Postage	1,020
Meetings and Education	1,908
Miscellaneous	<u>45,739</u>
Total General and Administrative Expenses	<u>\$ 307,453</u>



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Community Improvement Corporation  
Gallia County  
16 State Street, P.O. Box 465  
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the financial statements of the Community Improvement Corporation, Gallia County, Ohio (the Corporation), as of and for the year ended December 31, 2000, and have issued our report thereon dated December 14, 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Corporation in a separate letter dated December 14, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Corporation'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 do not require inclusion in this report, that we have reported to management of the Corporation in a separate letter dated December 14, 2001.

Community Improvement Corporation  
Gallia County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 14, 2001



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

**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**GALLIA 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  
JANUARY 15, 2002**