

Financial Statements
And
Independent Auditor's Report

Community Improvement Corporation of Greene County

December 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Greene County
Xenia, Ohio

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Greene County, Greene County, prepared by Harvey L. Harris, Certified Public Accountant, for the audit period January 1, 2004 through December 31, 2004. 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. The Community Improvement Corporation of Greene County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 10, 2005

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Community Improvement Corporation of Greene County
OFFICERS AND TRUSTEES
December 31, 2004

OFFICERS

| | |
|------------------------------|--------------------------------------|
| President - John Finlay | Attorney |
| Vice-President - Julia Ables | Business Executive |
| Treasurer - Ralph Harper | Greene County Commissioner |
| Secretary - Patricia Hobbs | Greene Co. Department of Development |

TRUSTEES

| | |
|----------------|--------------------------------------|
| Dale F. Grimes | Economic Growth Corporation Chairman |
| Mark Guess | Agriculture |
| Joe Harkleroad | Business Executive |
| Debra Keller | Bank Executive |
| W. Reed Madden | Greene County Commissioner |
| Howard Poston | Greene County Administrator |
| Marilyn Reid | Greene County Commissioner |

Harvey L. Harris
Certified Public Accountant
808 East Franklin Street
Dayton, Ohio 45459
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Greene County

I have audited the accompanying statement of financial position of the Community Improvement Corporation of Greene County (a nonprofit organization) as of December 31, 2004 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Community Improvement Corporation of Greene County as of December 31, 2004 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*, I have also issued a report dated March 17, 2005 on my consideration of the Community Improvement Corporation of Greene County's internal control structure and its compliance with 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 my audit.

Harvey L. Harris, CPA

March 17, 2005

Community Improvement Corporation of Greene County
STATEMENT OF FINANCIAL POSITION
December 31, 2004

ASSETS

CURRENT ASSETS

| | | |
|---------------------------------------|---------------|---------------|
| Cash | | \$ 407,038 |
| Notes and accounts receivable | | |
| Notes receivable | \$ 15,995 | |
| Accounts receivable - Greene County | 52,600 | |
| Accounts receivable - rent | 334 | |
| Accrued interest receivable | 2,668 | |
| Less: allowance for doubtful accounts | <u>18,663</u> | <u>52,934</u> |
| Total current assets | | 459,972 |

PROPERTY AND EQUIPMENT - AT COST

| | | |
|-------------------------------|---------------|-----------------------|
| Land | 17,800 | |
| Building | 77,200 | |
| Computer equipment | <u>6,524</u> | |
| | 101,524 | |
| Less accumulated depreciation | <u>19,551</u> | <u>81,973</u> |
| | | <u>\$ 541,945</u> |

LIABILITIES AND NET ASSETS

| | | |
|------------------------|---------------|-----------------------|
| Refundable deposits | | \$ 3,000 |
| Net assets | | |
| Unrestricted | \$ 527,530 | |
| Temporarily restricted | <u>11,415</u> | <u>538,945</u> |
| | | <u>\$ 541,945</u> |

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
STATEMENT OF ACTIVITIES
Year ended December 31, 2004

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Totals</u> |
|--|-----------------------|-----------------------------------|-----------------------|
| Revenues and support | | | |
| Greene County | \$ 224,750 | \$ - | \$ 224,750 |
| Rents received | 10,821 | - | 10,821 |
| Interest income | 3,002 | 41 | 3,043 |
| Other income | 3,013 | - | 3,013 |
| Net assets released from restrictions | <u>24,621</u> | <u>(24,621)</u> | <u>-</u> |
| Total revenue | 266,207 | (24,580) | 241,627 |
| Program and administrative expenses | | | |
| Image promotion | 50,016 | - | 50,016 |
| Support services and staff development | 566 | - | 566 |
| New business development | 6,545 | - | 6,545 |
| Corridor development | 17,965 | - | 17,965 |
| Administration | 7,942 | - | 7,942 |
| Development projects and grants | 155,813 | - | 155,813 |
| Rental property expenses | 1,839 | - | 1,839 |
| Depreciation | <u>1,930</u> | <u>-</u> | <u>1,930</u> |
| Total expenses | <u>242,616</u> | <u>-</u> | <u>242,616</u> |
| Change in net assets | 23,591 | (24,580) | (989) |
| Net assets at January 1, 2004 | <u>503,939</u> | <u>35,995</u> | <u>539,934</u> |
| Net assets at December 31, 2004 | <u>\$ 527,530</u> | <u>\$ 11,415</u> | <u>\$ 538,945</u> |

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
STATEMENT OF CASH FLOWS
Year ended December 31, 2004

| | |
|---|-----------------------|
| CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Change in net assets | \$ (989) |
| Adjustments to reconcile decrease in net assets to net cash used by operating activities | |
| Depreciation | 1,930 |
| (Increase) decrease in operating assets | |
| Accounts receivable | (52,934) |
| Increase (decrease) in operating liabilities | |
| Refundable deposits | <u>2,500</u> |
| Net cash used by operating activities | (49,493) |
| CASH PROVIDED (USED) BY INVESTING ACTIVITIES | |
| Return of pledged cash | <u>72,350</u> |
| Increase in cash | 22,857 |
| Cash at January 1, 2004 | <u>384,181</u> |
| Cash at December 31, 2004 | <u>\$ 407,038</u> |

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the community. The Organization makes loans to companies located in Greene County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

2. Financial Statement Presentation

The Organization has adopted 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. As permitted by the statement, the Organization does not use fund accounting.

3. Allowance for Doubtful Accounts

The Organization has established an Allowance for Doubtful Accounts based on a review of its outstanding notes and accounts receivable at December 31, 2004. (See Note C)

4. Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by the straight-line method.

5. Income Taxes

The Organization is an agency of Greene County, Ohio and is, therefore, exempt from income taxes under Internal Revenue Code Section 501(c)(4).

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE B - CONCENTRATION OF CREDIT RISK

The Agency maintains cash balances at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2004, the Agency's uninsured cash balances total \$273,846. It is the opinion of management that the solvency of these financial institutions is not a concern at this time.

NOTE C - NOTES RECEIVABLE

The Organization has five loans made during 2000 and 2001 under the Greene County Microenterprise Loan Program. The program is intended to provide loans to low to moderate income business owners for use in acquiring facilities and equipment, paying start-up costs and providing working capital. The loans made range from \$350 to \$10,800 and are all payable over 36 months with interest at 10%. The loans are secured by the equipment purchased and certain personal assets of the borrowers. At December 31, 2004, the borrowers were delinquent in their payments on all of these loans and the Organization was pursuing collection by various methods. The full amount due on each of these notes, including interest, has been included in the allowance for doubtful accounts at December 31, 2004.

NOTE D - RESTRICTIONS ON NET ASSETS

Revenues from grants that have the characteristics of contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the revenue. Temporarily restricted net assets at December 31, 2004 consists of funds received for the Greene County Microenterprise Loan Program.

NOTE E - PLEDGED CASH

In conjunction with the Greene County Board of Commissioners, the Organization established a deposit account with a local financial institution in the amount of \$150,000 to guarantee a loan made by the institution to Snow Aviation International, Inc., a local company. The Organization contributed \$75,000 of the funds with the balance received from Greene County. The Organization had a second lien position on Snow Aviation International, Inc.'s assets as collateral for the deposit. The loan was for one year and was payable in October, 2002. During 2003, Snow Aviation began repaying the loan and, as the financial institution received payments, a portion of the deposit amount was returned to the Community Improvement Corporation of Greene County. A total of \$77,650, plus interest, of the original \$150,000 was received in 2003, with the balance received in 2004. The funds received from Greene County were repaid in 2004.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE F - REVENUES AND SUPPORT

During 2004, the Greene County Board of Commissioners utilized the Community Improvement Corporation of Greene County as a pass-through agency for the County's support of the Celebrity Classic golf tournament. In this capacity, the Organization received \$50,000 from the County, and in turn disbursed the funds to the event.

Also during 2004, \$54,000 was received from the Greene County Board of Commissioners to fund the position of Executive Director of the Greene County Community Foundation.

The Community Improvement Corporation of Greene County receives a fee of 1/2 of 1% of any private development bonds issued by Greene County. During 2004, the fees from two such bond issues amounted to \$120,750.

NOTE G - RENTS RECEIVED

The Organization rents space in the building it owns at 58-64 E. Main Street, Xenia, to two tenants. One lease is on an annual renewal basis and provides for rents of \$350 per month. The other lease is for the period from May 1, 2003 through December 31, 2005, with an annual renewal option thereafter. The lease requires payments of \$500 per month, plus an additional \$100 per month for the first twelve months for improvements to be made to the property. The Organization pays the real estate taxes and other expenses associated with the leased property.

NOTE H - DONATED SERVICES

The Organization has no paid employees; time spent on its activities by the Officers and Trustees of the Organization is donated by local businesses, Greene County and the individuals themselves. The value of the donated services has not been recorded in the financial statements at December 31, 2004.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Community Improvement Corporation of Greene County

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of the Community Improvement Corporation of Greene County for the year ended December 31, 2004, which are presented in the preceding section of this report. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. The supplemental information presented hereinafter is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harvey L. Harris, CPA

March 17, 2005

Community Improvement Corporation of Greene County
SCHEDULE OF FINANCIAL POSITION BY ACCOUNT
December 31, 2004

| | <u>CIC accounts</u> | <u>Campaign for Greene County accounts</u> | <u>CDBG Revolving Loan Fund account</u> | <u>Micro- enterprise Loan Fund account</u> |
|--------------------------------------|-------------------------|--|---|--|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 107,058 | \$ 288,565 | \$ - | \$ 11,415 |
| Notes and accounts receivable | | | | |
| Notes receivable | - | - | - | 15,995 |
| Accounts receivable - Greene County | 43,400 | 9,200 | - | - |
| Accounts receivable - rent | 334 | - | - | - |
| Accrued interest receivable | - | - | - | 2,668 |
| Less allowance for doubtful accounts | - | - | - | 18,663 |
| | <u>43,734</u> | <u>9,200</u> | <u>-</u> | <u>-</u> |
| Total current assets | 150,792 | 297,765 | - | 11,415 |
| PROPERTY AND EQUIPMENT - at cost | | | | |
| Land | 17,800 | - | - | - |
| Building | 77,200 | - | - | - |
| Computer equipment | - | 6,524 | - | - |
| | <u>95,000</u> | <u>6,524</u> | <u>-</u> | <u>-</u> |
| Less accumulated depreciation | 13,027 | 6,524 | - | - |
| | <u>81,973</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 232,765</u> | <u>\$ 297,765</u> | <u>\$ -</u> | <u>\$ 11,415</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Rental security deposit | \$ 3,000 | \$ - | \$ - | \$ - |
| Net assets | | | | |
| Unrestricted | 229,765 | 297,765 | - | - |
| Temporarily restricted | - | - | - | 11,415 |
| | <u>229,765</u> | <u>297,765</u> | <u>-</u> | <u>11,415</u> |
| | <u>\$ 232,765</u> | <u>\$ 297,765</u> | <u>\$ -</u> | <u>\$ 11,415</u> |

Community Improvement Corporation of Greene County
SCHEDULE OF ACTIVITIES BY ACCOUNT
Year ended December 31, 2004

| | <u>CIC accounts</u> | <u>Campaign for Greene County accounts</u> | <u>CDBG Revolving Loan Fund account</u> | <u>Micro- enterprise Loan Fund account</u> |
|--|-------------------------|--|---|--|
| Revenues and support | | | | |
| Greene County | \$ - | \$ 224,750 | \$ - | \$ - |
| Rents received | 10,821 | - | - | - |
| Interest income | 671 | 2,331 | 41 | - |
| Other income | <u>-</u> | <u>3,013</u> | <u>-</u> | <u>-</u> |
| | 11,492 | 230,094 | 41 | - |
| Program and administrative expenses | | | | |
| Image promotion | - | 50,016 | - | - |
| Support services and staff development | - | 566 | - | - |
| New business development | - | 6,545 | - | - |
| Corridor development | - | 17,965 | - | - |
| Administration | 6,418 | 1,524 | - | - |
| Development projects and grants | - | 131,192 | 24,621 | - |
| Rental property expenses | 1,839 | - | - | - |
| Depreciation | <u>1,930</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>10,187</u> | <u>207,808</u> | <u>24,621</u> | <u>-</u> |
| Increase (decrease) in net assets | 1,305 | 22,286 | (24,580) | - |
| Net assets at January 1, 2004 | <u>185,419</u> | <u>318,520</u> | <u>24,580</u> | <u>11,415</u> |
| Net assets at December 31, 2004 | <u>\$ 186,724</u> | <u>\$ 340,806</u> | <u>\$ -</u> | <u>\$ 11,415</u> |

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 Greene County

I have audited the financial statements of the Community Improvement Corporation of Greene County (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued my report thereon dated March 17, 2005. I conducted my 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 Community Improvement Corporation of Greene County's financial statements are free of material misstatement, I performed tests of its compliance with certain 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Community Improvement Corporation of Greene County's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Harvey L. Harris, CPA

March 17, 2005



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

COMMUNITY IMPROVEMENT CORPORATION OF GREENE COUNTY

GREENE 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
JUNE 23, 2005**