

**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
OCTOBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Tuscarawas County
New Philadelphia, Ohio

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period November 1, 2002 through October 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 Tuscarawas 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

February 25, 2005

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**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY
NEW PHILADELPHIA, OHIO**

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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Phone (330) 602-1322 • Fax (330) 602-2610

November 16, 2004

Board of Trustees of
Community Improvement Corporation
of Tuscarawas County
New Philadelphia, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the statements of financial position of Community Improvement Corporation of Tuscarawas County (a nonprofit organization), as of October 31, 2004 and 2003, and the related statements of revenue, expenses and changes in net assets and the statements of cash flows for the years then ended. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Community Improvement Corporation of Tuscarawas County, as of October 31, 2004 and 2003, and the changes in net assets and its cash flows for the years 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 November 16, 2004 on our consideration of the Community Improvement Corporation of Tuscarawas County'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 with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY**

**STATEMENTS OF FINANCIAL POSITION
AS OF OCTOBER 31, 2004 AND 2003**

ASSETS

| | <u>2004</u> | <u>2003</u> |
|-----------------------------------|--------------------------|--------------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 40,139 | \$ 9,651 |
| Certificates of deposit | 197,352 | 265,236 |
| Interest receivable | <u>2,041</u> | <u>1,985</u> |
| Total current assets | 239,532 | 276,872 |
| PROPERTY AND EQUIPMENT: | | |
| Buildings & improvements | 331,418 | 331,418 |
| Office equipment | <u>2,493</u> | <u>1,365</u> |
| | 333,911 | 332,783 |
| Less: accumulated depreciation | <u>319,338</u> | <u>307,001</u> |
| | 14,573 | 25,782 |
| Land | <u>514,680</u> | <u>514,680</u> |
| Net property and equipment | 529,253 | 540,462 |
| OTHER ASSETS: | | |
| Workers' compensation deposit | <u>1,000</u> | <u>1,000</u> |
| Total other assets | <u>1,000</u> | <u>1,000</u> |
| Total assets | <u>\$ 769,785</u> | <u>\$ 818,334</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------------------|--------------------------|
| CURRENT LIABILITIES: | | |
| Accrued expenses | \$ 260 | \$ 239 |
| Total current liabilities | 260 | 239 |
| NET ASSETS: | | |
| Unrestricted | <u>769,525</u> | <u>818,095</u> |
| Total net assets | <u>769,525</u> | <u>818,095</u> |
| Total current liabilities and net assets | <u>\$ 769,785</u> | <u>\$ 818,334</u> |

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2004**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------|
| REVENUE: | | | |
| Rent | \$ 45,900 | \$ 0 | \$ 45,900 |
| Grants | 1,000 | 1,000 | 2,000 |
| Royalties | 765 | 0 | 765 |
| Miscellaneous | 0 | 0 | 0 |
| Interest earned | 6,647 | 0 | 6,647 |
| | 54,312 | 1,000 | 55,312 |
| Less: assets released from temporary restrictions | 1,000 | (1,000) | 0 |
| Net revenue | 55,312 | 0 | 55,312 |
| EXPENSES: | | | |
| Wages | 41,907 | 0 | 41,907 |
| Taxes - payroll | 3,366 | 0 | 3,366 |
| Taxes - real estate | 5,584 | 0 | 5,584 |
| Depreciation | 12,337 | 0 | 12,337 |
| Meetings & seminars | 498 | 0 | 498 |
| Rent & service fee | 3,900 | 0 | 3,900 |
| Phase site costs - Technology Park | 1,000 | 0 | 1,000 |
| Application fees | 5,070 | 0 | 5,070 |
| Professional fees | 11,606 | 0 | 11,606 |
| Insurance - general | 5,258 | 0 | 5,258 |
| Insurance - group | 4,957 | 0 | 4,957 |
| Insurance - workers' compensation | 120 | 0 | 120 |
| Membership dues | 945 | 0 | 945 |
| Office supplies & postage | 656 | 0 | 656 |
| Repairs & maintenance | 1,934 | 0 | 1,934 |
| Telephone | 776 | 0 | 776 |
| Travel | 1,409 | 0 | 1,409 |
| Advertising & marketing | 609 | 0 | 609 |
| Clerical support & equipment lease | 1,950 | 0 | 1,950 |
| Total expenses | 103,882 | 0 | 103,882 |
| Change in net assets | (48,570) | 0 | (48,570) |
| NET ASSETS, beginning of year | 818,095 | 0 | 818,095 |
| NET ASSETS, end of year | \$ 769,525 | \$ 0 | \$ 769,525 |

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2003**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------|
| REVENUE: | | | |
| Rent | \$ 45,900 | \$ 0 | \$ 45,900 |
| Grants | 507,316 | 18,850 | 526,166 |
| Royalties | 77 | 0 | 77 |
| Miscellaneous | 100 | 0 | 100 |
| Interest earned | 6,295 | 0 | 6,295 |
| | 559,688 | 18,850 | 578,538 |
| Less: assets released from temporary restrictions | 18,850 | (18,850) | 0 |
| Net revenue | 578,538 | 0 | 578,538 |
| EXPENSES: | | | |
| Wages | 35,873 | 0 | 35,873 |
| Taxes - payroll | 2,863 | 0 | 2,863 |
| Taxes - real estate | 4,828 | 0 | 4,828 |
| Depreciation | 12,292 | 0 | 12,292 |
| Meetings & seminars | 676 | 0 | 676 |
| Rent & service fee | 3,300 | 0 | 3,300 |
| Phase site costs - Technology Park | 18,850 | 0 | 18,850 |
| Application fees | 100 | 0 | 100 |
| Professional fees | 7,171 | 0 | 7,171 |
| Insurance - general | 3,327 | 0 | 3,327 |
| Insurance - group | 3,200 | 0 | 3,200 |
| Insurance - workers' compensation | 113 | 0 | 113 |
| Membership dues | 820 | 0 | 820 |
| Office supplies & postage | 1,261 | 0 | 1,261 |
| Repairs & maintenance | 2,289 | 0 | 2,289 |
| Telephone | 660 | 0 | 660 |
| Travel | 1,228 | 0 | 1,228 |
| Advertising & marketing | 5,994 | 0 | 5,994 |
| Clerical support & equipment lease | 1,650 | 0 | 1,650 |
| Total expenses | 106,495 | 0 | 106,495 |
| Change in net assets | 472,043 | 0 | 472,043 |
| NET ASSETS, beginning of year | 346,052 | 0 | 346,052 |
| NET ASSETS, end of year | \$ 818,095 | \$ 0 | \$ 818,095 |

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003**

| | <u>2004</u> | <u>2003</u> |
|---|------------------|-----------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Changes in net assets | \$ (48,570) | \$ (30,728) |
| Adjustments to reconcile changes in net assets to net cash used by operating activities: | | |
| Depreciation | 12,337 | 12,292 |
| Reinvested earnings on investments | (7,078) | (8,237) |
| (Increase) decrease in operating assets: | | |
| Interest receivable | (56) | 2,001 |
| Increase (decrease) in operating liabilities: | | |
| Accrued expenses | <u>20</u> | <u>142</u> |
| Net cash used by operating activities | <u>(43,347)</u> | <u>(24,530)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchase of property, plant and equipment | (1,128) | (6,525) |
| Proceeds from certificates of deposit | <u>74,963</u> | <u>25,000</u> |
| Net cash provided by investing activities | <u>73,835</u> | <u>18,475</u> |
| Increase (decrease) in cash | 30,488 | (6,055) |
| CASH, beginning of year | <u>9,651</u> | <u>15,706</u> |
| CASH, end of year | <u>\$ 40,139</u> | <u>\$ 9,651</u> |
| <u>CASH FLOWS FROM NON-CASH ACTIVITIES</u> | | |
| Purchase of property, plant and equipment | \$ 0 | \$ (502,770) |
| Grant | <u>0</u> | <u>502,770</u> |
| | <u>\$ 0</u> | <u>\$ 0</u> |

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Community Improvement Corporation of Tuscarawas County (the Organization) was formed to advance, encourage, and promote the industrial, economic, commercial and civic development of Tuscarawas County. The Organization has agreements with various companies within Tuscarawas County and grants credit to these companies for products and services.

METHOD OF ACCOUNTING

The Organization prepares its financial statements on the accrual basis of accounting.

FINANCIAL STATEMENT PRESENTATION

The Organization previously adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, the Agency 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. In addition, the Organization is required to present a statement of cash flows. The Organization only had unrestricted net assets at October 31, 2004 and 2003.

ACCOUNTS RECEIVABLE

The Organization uses the reserve method of accounting for doubtful accounts. The allowance for doubtful accounts is calculated based on prior experience and the age of accounts as of the balance sheet date. The allowance for doubtful accounts was \$0 for years ending October 31, 2004 and 2003.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

| <u>DESCRIPTION</u> | <u>USEFUL LIVES</u> | <u>METHOD</u> |
|--------------------------|---------------------|---------------|
| Buildings & improvements | 10 - 30 years | Straight line |
| Office equipment | 5 years | Straight line |

DONATIONS

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

TAX STATUS

As a non-profit Organization under Section 501(c)(6) of the Internal Revenue Code, the Agency is exempt from federal and Ohio income taxes. Therefore, no provision has been made for federal or Ohio income taxes in the accompanying financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH EQUIVALENTS

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

USE OF 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.

ADVERTISING COSTS

The Organization expenses the production costs of advertising the first time the advertising takes place.

NOTE 2: COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and paid sick days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the cost of compensated absences when actually paid to employees.

NOTE 3: RENTAL AGREEMENTS

INCOME

The Organization has an agreement to lease its Florence Avenue building to R & M Trans, Inc. for a period of two years beginning April 2002 and ending March 2004 at \$3,825 per month. As written within the lease agreement, the tenant has exercised its option to renew the lease for an additional one year period expiring March 2005. The rental income for both years ended October 31, 2004 and 2003 was \$45,900.

EXPENSE

The Organization leases office space, secretarial services, and equipment from the Tuscarawas County Chamber of Commerce on an ongoing basis. Lease payments were \$5,400 (\$3,600 in rental, \$1,200 of clerical support, and \$600 for equipment/services use) per year through October 31, 2004 and 2003.

**COMMUNITY IMPROVEMENT CORPORATION
OF TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: CONCENTRATION OF CREDIT RISK AND OFF BALANCE SHEET RISK

The Organization maintains its programs within Tuscarawas County, Ohio geographical area. The performance of its operational activities are dependent on the performance of participating companies. The results of these companies and the operations of the Organization's projects are dependent on the economic conditions of the local trade area.

NOTE 5: NON-CASH TRANSACTION

During September 2003, the Organization received approximately 170 acres of land from the Tuscarawas County Commissioners. A portion of this land will be used for the formation of the Technology Park. The value of the land, as calculated by the Tuscarawas County Auditor, has been added to the total amount for land as shown on the statement of financial position. The corresponding income item has been shown as a grant on the statement of revenue, expenses and changes in net assets.

NOTE 6: JOINT VENTURE

During June 2004, with the assistance of the Organization, the City of New Philadelphia, Ohio (the City) was awarded various grants from the United States Economic Development Administration, Ohio Department of Development and the Ohio Governor's Office of Appalachia for approximately \$3,367,000 to provide infrastructure at the Technology Park site. Also, the City will provide an additional \$1,000,000 as matching grant funds towards the project. The City will oversee all infrastructure development with the aid of the Ohio Mid-Eastern Governments Association (OMEGA), who will be acting as the third party administrator of the grants. OMEGA will collect and disburse of all monies involved with this project.

None of the grants were awarded in the Organization's name. As a result, the Organization will not have access to any of the funds received or spent. Based upon these facts, no amounts have been recorded in the October 31, 2004 financial statements.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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Phone (330) 602-1322 • Fax (330) 602-2610

November 16, 2004

Board of Directors
Community Improvement Corporation
of Tuscarawas County
New Philadelphia, Ohio

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

We have audited the financial statements of Community Improvement Corporation of Tuscarawas County as of and for the year ended October 31, 2004 and 2003, and have issued our report thereon dated November 16, 2004. 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 Community Improvement Corporation of Tuscarawas County'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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Community Improvement Corporation of Tuscarawas County'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.

This report is intended for the information of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants



**Auditor of State
Betty Montgomery**

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**COMMUNITY IMPROVEMENT CORPORATION OF TUSCARAWAS COUNTY
TUSCARAWAS 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
MARCH 10, 2005**