

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY, OHIO**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

JERRY M. HAYES, EXECUTIVE DIRECTOR



Dave Yost • Auditor of State

Board of Directors
Community Improvement Corporation of Defiance County
1300 E. Second Street, Suite 201
Defiance, Ohio 43512

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Defiance County, Defiance County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 through December 31, 2014. 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 Defiance County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 1, 2015

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**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Community Improvement Corporation of Defiance County
1300 E. Second Street, Suite 201
Defiance, Ohio 43512

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying comparative financial statements of the Community Improvement Corporation of Defiance County, Defiance County, Ohio, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Community Improvement Corporation of Defiance County's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting comparative financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these comparative financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the comparative financial statements are free from material misstatement.

An audit requires obtaining evidence about comparative financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material comparative financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Community Improvement Corporation of Defiance County's preparation and fair presentation of the comparative financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Community Improvement Corporation of Defiance County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall comparative financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the comparative financial statements referred to above present fairly, in all material respects, the respective financial position of the Community Improvement Corporation of Defiance County, Defiance County, Ohio, as of December 31, 2014 and 2013, and the respective changes in financial position and its cash flows, for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2015, on our consideration of the Community Improvement Corporation of Defiance County'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Community Improvement Corporation of Defiance County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
February 16, 2015

Community Improvement Corporation of Defiance County
Statement of Financial Position
As of December 31, 2014 and 2013

	2014	2013
Current Assets:		
Cash and Cash Equivalents	\$ 121,855	\$ 42,426
Loan Receivable	148,995	30,000
Allowance for Doubtful Accounts	-	(30,000)
Total Current Assets	270,850	42,426
Property & Equipment:		
Office Equipment	20,449	15,364
Less: Accumulated Depreciation	(16,812)	(14,653)
Net Property & Equipment	3,637	711
TOTAL ASSETS	\$ 274,487	\$ 43,137
Current Liabilities:		
Accrued Payroll Taxes	\$ 3,792	\$ -
Total Current Liabilities	3,792	-
Total Liabilities	3,792	-
Net Assets:		
Unrestricted	270,695	43,137
Total Net Assets	270,695	43,137
Total Liabilities and Net Assets	\$ 274,487	\$ 43,137

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Community Improvement Corporation of Defiance County
Statement of Activities
For the Years Ended December 31, 2014 and 2013

	2014	2013
<u>REVENUE:</u>		
Public and Private Support	\$ 491,434	\$ 253,167
Enterprise Zone Fees	3,009	3,350
Interest Income	1,011	24
TOTAL REVENUE	495,454	256,541
<u>EXPENSES:</u>		
Program Services: Economic Development	208,052	179,576
Supporting Services: General and Administrative	59,844	44,241
TOTAL EXPENSES	267,896	223,817
Change in Net Assets	227,558	32,724
Net Assets, beginning of year	43,137	10,413
Net Assets, end of year	\$ 270,695	\$ 43,137

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Community Improvement Corporation of Defiance County
Statements of Functional Expenses
For the Year Ended December 31, 2014

	2014			
	Program Services	Supporting Services	Fundraising	Total Expenses
Advertising	\$ 56,470	\$ -	\$ -	\$ 56,470
Consulting	53	-	-	53
Depreciation	1,080	1,079	-	2,159
Fringe Benefits	14,737	2,601	-	17,338
Insurance	1,103	1,103	-	2,206
Legal and Professional	-	5,956	-	5,956
Memberships	1,291	1,291	-	2,582
Miscellaneous	6	6	-	12
Office Supplies	906	2,717	-	3,623
Postage	474	474	-	948
Promotion and Planning	13,040	-	-	13,040
Rent	8,765	2,921	-	11,686
Salary	96,199	32,066	-	128,265
Software	782	782	-	1,564
Staff Training	563	187	-	750
Telephone	5,883	1,961	-	7,844
Travel and Entertainment	6,700	6,700	-	13,400
 Total	 \$ 208,052	 \$ 59,844	 \$ -	 \$ 267,896

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Community Improvement Corporation of Defiance County
Statements of Functional Expenses
For the Year Ended December 31, 2013

	2013			
	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Fundraising</u>	<u>Total</u> <u>Expenses</u>
Advertising	\$ 22,157	\$ -	\$ -	\$ 22,157
Consulting	628	-	-	628
Depreciation	493	492	-	985
Fringe Benefits	13,302	2,347	-	15,649
Insurance	1,053	1,053	-	2,106
Interest	28	-	-	28
Legal and Professional	-	4,493	-	4,493
Memberships	2,716	2,716	-	5,432
Miscellaneous	1,374	1,374	-	2,748
Office Supplies	990	2,969	-	3,959
Postage	398	398	-	796
Promotion and Planning	12,607	-	-	12,607
Rent	9,495	3,165	-	12,660
Salary	100,869	17,800	-	118,669
Software	582	582	-	1,164
Staff Training	573	101	-	674
Telephone	6,752	1,192	-	7,944
Travel and Entertainment	5,559	5,559	-	11,118
	<u>\$ 179,576</u>	<u>\$ 44,241</u>	<u>\$ -</u>	<u>\$ 223,817</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Community Improvement Corporation of Defiance County
Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 227,558	\$ 32,724
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,159	985
Decrease (Increase) in Note Receivable	(148,995)	
Decrease in Prepaid Expenses	-	1,000
Increase/(Decrease) in Accrued Payroll Taxes	3,792	(2,137)
Total Adjustments	(143,044)	(152)
Net Cash Provided by Operating Activities	84,514	32,572
Cash Flows from Capital and Related Financing Activities:		
Purchase of Property and Equipment	(5,085)	-
Net Cash (Used In) Investing Activities	(5,085)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	79,429	32,572
Cash & Cash Equivalents at Beginning of Year	42,426	9,854
Cash and Cash Equivalents at End of Year	\$ 121,855	\$ 42,426
Supplemental Disclosures:		
Interest Paid	\$ -	\$ 28
Income Taxes Paid	\$ -	\$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Community Improvement Corporation of Defiance County (the "Corporation") 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 the Corporation 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 ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Corporation 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. The Corporation does not have any temporarily restricted or permanently restricted net assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Corporation 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.

Accounts Receivable - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Corporation provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances. It is the Corporation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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.

Management Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Income Tax Status - The Corporation 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. The Corporation's federal Exempt Organization Business Income Tax Returns for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Advertising - Advertising costs are charged to expense as incurred.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 Corporation.

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 Corporation.

The Board of Directors has discretionary control of the unrestricted net assets to use in the activities of the Corporation.

NOTE 2 - RETIREMENT PLAN

The Corporation maintains a Simple retirement plan for qualified employees. The Corporation contributes 3% of the employees' compensation to the plan. Contributions for 2014 and 2013 were \$2,353 and \$2,271, respectively.

NOTE 3 - CONCENTRATION

For the year ended December 31, 2014, the Corporation received 56% (58% in 2013) of its revenue from Defiance County, City of Defiance and the Village of Hicksville.

NOTE 4 - LEASES

Beginning October 21, 2005, the Corporation began leasing office space at 1300 East Second Street, Suite 201 from the Defiance County Commissioners. Rent is being charged at a rate of \$973.88 per month for 2014 and 2013. The lease is renewable each year for a period of one year. Lease expense was \$11,686 and \$12,660 for the years ended December 31, 2014 and 2013, respectively.

NOTE 5 - LOANS RECEIVABLE

Loans receivable represents a business development loan program. A summary of the loan activity is as follows:

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Business Development Loan	\$ -	\$ 150,000	\$ (1,005)	\$ 148,995

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 6 - PROPERTY AND EQUIPMENT

Property and Equipment activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Office Equipment	\$ 15,364	\$ 5,085	\$ -	\$ 20,449
Total Property and Equipment	15,364	5,085	-	20,449
Less: Accumulated Depreciation	(14,653)	(2,159)	-	(16,812)
Total Property and Equipment	<u>\$ 711</u>	<u>\$ 2,926</u>	<u>\$ -</u>	<u>\$ 3,637</u>



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Community Improvement Corporation of Defiance County
1300 E. Second Street, Suite 201
Defiance, Ohio 43512

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the comparative financial statements of the Community Improvement Corporation of Defiance County, Ohio, as of December 31, 2014 and 2013 and the related notes to the comparative financial statements, which collectively comprise the Community Improvement Corporation of Defiance County and have issued our report thereon dated February 16, 2015.

Internal Control Over Financial Reporting

As part of our comparative financial statement audit, we considered the Community Improvement Corporation of Defiance County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the comparative financial statements, but not to the extent necessary to opine on the effectiveness of the Community Improvement Corporation of Defiance County's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Community Improvement Corporation of Defiance County's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Community Improvement Corporation of Defiance County

Compliance and Other Matters

As part of reasonably assuring whether the Community Improvement Corporation of Defiance County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Community Improvement Corporation of Defiance County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Community Improvement Corporation of Defiance County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
February 16, 2015

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Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY

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 14, 2015**