

**GROW LICKING COUNTY
COMMUNITY IMPROVEMENT CORPORATION**
LICKING COUNTY, OHIO

**Financial Statements
(Audited)**

**For the Years Ended
December 31, 2019 and 2018**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Grow Licking County Community Improvement Corporation
33 West Main Street
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Grow Licking County Community Improvement Corporation, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Grow Licking County Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 3, 2020

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**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

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Independent Auditor's Report

Grow Licking County Community Improvement Corporation
Licking County
33 West Main Street
Suite 104
Newark, Ohio 43055

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Grow Licking County Community Improvement Corporation, Licking County, Ohio, (a not-for-profit corporation), which comprise the statement's of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these 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 financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Grow Licking County Community Improvement Corporation's preparation and fair presentation of the 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 Grow Licking County Community Improvement Corporation's internal control. Accordingly, we express no such 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 financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position's of the Grow Licking County Community Improvement Corporation, Licking County, Ohio, as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Grow Licking County Community Improvement Corporation. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Grow Licking County Community Improvement Corporation'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 Grow Licking County Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 25, 2020

FINANCIAL STATEMENTS

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**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets	
Equity in Cash and Cash Equivalents	\$ 119,516
Accounts Receivable	7,500
Prepaid	26,549
Total Current Assets	<u>153,565</u>
 Noncurrent Assets	
Fixed Assets	700
Total Noncurrent Assets	<u>700</u>
 Total Assets	<u><u>\$ 154,265</u></u>

LIABILITIES

Current Liabilities	
Accounts Payable	12,000
Credit Cards	188
Payroll Liability	873
Total Current Liabilities	<u>13,061</u>
 Total Liabilities	<u><u>\$ 13,061</u></u>

NET ASSETS

With Donor Restrictions	\$ 5,000
Without Donor Restrictions	136,204
Total Net Assets	<u><u>\$ 141,204</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions
<u>OPERATING REVENUES</u>		
Contributions	\$ 353,689	\$ 5,000
Grants	8,747	-
Interest	87	-
Total Operating Revenues	362,523	5,000
<u>OPERATING EXPENSES</u>		
General	208,147	-
Contractual Services	116,506	-
Personal Services	42,109	-
Supplies	13,443	-
Other	24,828	-
Depreciation	1,817	-
Total Operating Expenses	406,850	-
Change in Net Assets	(44,327)	5,000
Net Assets at beginning of year	180,531	-
NET ASSETS AT END OF YEAR	\$ 136,204	\$ 5,000

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (39,327)
Depreciation Expense	1,817
(Increase) Decrease in Prepaid Expenses	37,750
(Increase) Decrease in Accounts Receivable	(6,000)
Increase (Decrease) in Accounts Payable	12,000
Increase (Decrease) in Credit Cards Payable	188
Increase (Decrease) in Payroll Liability	<u>873</u>
Net Cash Provided by (used in) Operating Activities	<u>7,301</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,301
Cash and Cash Equivalents at Beginning of Year	<u>112,215</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 119,516</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Grow Licking County Community Improvement Corporation (the Corporation) was incorporated on November 29, 2011. The Corporation is a nonprofit entity which was formed for the specific purpose to advance, encourage, and promote the industrial, economic, commercial, and civic development of Licking County, Ohio, and to relieve County government from the responsibility for economic development functions such as retention and expansion and the enterprise zone/community reinvestment area program. There shall be three members of the Corporation, the Licking County Chamber of Commerce, Licking County and Heath-Newark-Licking County Port Authority.

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

B. Accounting Basis

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958, Financial Statements for Not-for-Profit Organizations. Under this standard, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Corporation is required to present a statement of cash flows when a statement of financial position and a statement of activities are reported upon.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Statement of Financial Position, all cash in checking accounts are considered to be cash and cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

E. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Fixed Assets

The Corporation's only fixed assets are furniture and equipment. Acquisitions of property in excess of \$500 are capitalized. Furniture and equipment are reported at cost. Depreciation is computed using the straight-line method over a useful life of 5 years.

H. New Accounting Pronouncements

During 2019, the Corporation implemented Financial Accounting Standards Board (FASB) ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", included in ASC 958-605, "Not-for-Profit Entities- Revenue Recognition." The update creates a single framework for recognizing revenue from contracts with customers that fall within its scope and revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The implementation did not have an effect on the financial statements of the Corporation.

During 2019, the Corporation implemented FASB ASU 2018-08, Not-for-Profit Entities (Topic 958) – "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made", included in ASC 958-605, "Not-for-Profit Entities- Revenue Recognition." The update addresses the complexity and understandability of whether a contract or agreement should be accounted for as a contribution or as an exchange transaction and provides a framework for determining whether a contribution is conditional or unconditional and its impact on the timing of revenue recognition. The implementation did not have an effect on the financial statements of the Corporation.

I. Receivables

The Corporation uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2019. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

J. Prepaid Assets

Prepaid assets made to vendors for services that will benefit periods beyond December 31, 2019 are recorded as prepaid assets by recording a current asset for the prepaid amount at the time of the purchase and the expense in the year in which services are consumed.

K. Functional Expenses

The Corporation's expenses are all considered to be for the same function, which is to promote the development of Licking County, Ohio. Since there is only one function, there are no expenses that require allocation between functions.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

L. General Expenses

The Corporation uses the general expense line item to record expenses that support its overall mission of promoting Licking County, Ohio. The primary expenses included in general expenses relate to advertising and marketing costs.

NOTE 2 - CASH

The bank balance of cash deposits at December 31, 2019 was \$142,216. Deposits are fully insured by the Federal Deposit Insurance Corporation.

NOTE 3 - RESTRICTION OF NET ASSETS

The Corporation had \$5,000 in net assets with donor restrictions at December 31, 2019 due to 2020 contributions paid by American Electric Power.

NOTE 4 - CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

NOTE 5 - RISK MANAGEMENT

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the three preceding years. There has been no significant reduction in coverage from the prior year.

NOTE 6 - CONTRIBUTIONS

Unconditional promises to give are recognized as revenue when the underlying promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions; depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 - CONTINGENCIES

A. Grants

The Corporation receives financial assistance from the Licking County Foundation in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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 effect on the financial position of the Corporation.

NOTE 8 - FIXED ASSETS

Property and Equipment activity for the year ended December 31, 2019 was as follows:

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2019</u>
Furniture and Equipment	\$ 6,323	\$ -	\$ -	\$ 6,323
Less: Accumulated Depreciation	(3,806)	(1,817)	-	(5,623)
Total Fixed Assets, Net	<u>\$ 2,517</u>	<u>\$ (1,817)</u>	<u>\$ -</u>	<u>\$ 700</u>

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Corporation's financial assets at December 31, 2019:

Financial assets at December 31, 2019:	
Cash and cash equivalents	\$ 119,516
Accounts receivable	<u>7,500</u>
Total financial assets	<u>127,016</u>
Less those unavailable for general expenditures within one year, due to:	
Donor-restrictions	<u>(5,000)</u>
Total financial assets available to meet general expenses over the next twelve months	<u>\$ 122,016</u>

Of the total financial assets \$5,000 are subject to donor restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Corporation's goal is generally to maintain financial assets to meet three months (90 days) of operating expenses, which is approximately \$101,713 for the year ended December 31, 2019.

Corporation's financial assets are structured to be available as general expenses, liabilities and other obligations come due.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 10 - RETIREMENT PLAN

The Corporation employees participate in a 401(k) defined contribution profit-sharing plan which covers substantially all full-time employees. Under this plan, the Corporation will match employee contributions up to 1% of their gross wages. In addition, the Corporation may make discretionary contributions to the plan. Charges to expense relating to the above plan amounted to \$560 for the year ended December 31, 2019.

NOTE 11 - SUBSEQUENT EVENT

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

FINANCIAL STATEMENTS

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**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current Assets	
Equity in Cash and Cash Equivalents	\$ 112,215
Accounts Receivable	1,500
Prepaid	64,299
Total Current Assets	<u>178,014</u>
 Noncurrent Assets	
Fixed Assets	<u>2,517</u>
Total Noncurrent Assets	<u>2,517</u>
 Total Assets	<u><u>\$ 180,531</u></u>
 <u>NET ASSETS</u>	
Without donor restrictions	<u>\$ 180,531</u>
 Total Net Assets	<u><u>\$ 180,531</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions
<u>OPERATING REVENUES</u>	
Contributions	\$ 342,600
Grants	66,588
Interest	663
Total Operating Revenues	409,851
<u>OPERATING EXPENSES</u>	
General	147,746
Contractual Services	176,858
Supplies	8,106
Other	35,764
Depreciation	3,806
Total Operating Expenses	372,280
Change in Net Assets	37,571
Net Assets at beginning of year	142,960
NET ASSETS AT END OF YEAR	\$ 180,531

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 37,571
Depreciation Expense	3,806
(Increase) Decrease in Prepaid Expenses	(28,299)
(Increase) Decrease in Accounts Receivable	(1,500)
Increase (Decrease) in Accounts Payable	<u>(944)</u>
 Net Cash Provided by (used in) Operating Activities	 <u>10,634</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 10,634
 Cash and Cash Equivalents at Beginning of Year	 <u>101,581</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 112,215</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Grow Licking County Community Improvement Corporation (the Corporation) was incorporated on November 29, 2011. The Corporation is a nonprofit entity which was formed for the specific purpose to advance, encourage, and promote the industrial, economic, commercial, and civic development of Licking County, Ohio, and to relieve County government from the responsibility for economic development functions such as retention and expansion and the enterprise zone/community reinvestment area program. There shall be three members of the Corporation, the Licking County Chamber of Commerce, Licking County and Heath-Newark-Licking County Port Authority.

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

B. Accounting Basis

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958, Financial Statements for Not-for-Profit Organizations. Under this standard, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Corporation is required to present a statement of cash flows when a statement of financial position and a statement of activities are reported upon.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Statement of Financial Position, all cash in checking accounts and certificates of deposits are considered to be cash and cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

E. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Fixed Assets

The Corporation's only fixed assets are furniture and equipment. Acquisitions of property in excess of \$500 are capitalized. Furniture and equipment are reported at cost. Depreciation is computed using the straight-line method over a useful life of 5 years.

H. Prepaid Assets

Payments made to vendors for services that will benefit periods beyond December 31, 2018 are recorded as prepayments by recording a current asset for the prepaid amount at the time of the purchase and the expense in the year in which services are consumed.

I. New Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these statements accordingly, however, its implementation did not have an effect on the Corporation's net assets.

J. Receivables

The Corporation uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2018. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

K. Functional Expenses

The Corporation's expenses are all considered to be for the same function, which is to promote the development of Licking County, Ohio. Since there is only one function, there are no expenses that require allocation between functions.

L. General Expenses

The Corporation uses the general expense line item to record expenses that support its overall mission of promoting Licking County, Ohio. The primary expenses included in general expenses relate to advertising and marketing costs.

NOTE 2 - CASH

The bank balance of cash deposits at December 31, 2018 was \$118,214. Deposits are fully insured by the Federal Deposit Insurance Corporation.

NOTE 3 - RESTRICTION OF NET ASSETS

The Corporation did not have any restrictions on net assets as of December 31, 2018.

NOTE 4 - CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

NOTE 5 - RISK MANAGEMENT

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the three preceding years. There has been no significant reduction in coverage from the prior year.

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 - CONTRIBUTIONS

Unconditional promises to give are recognized as revenue when the underlying promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions; depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 7 - CONTINGENCIES

A. Grants

The Corporation receives financial assistance from AEP Ohio and the Licking County Foundation in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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 effect on the financial position of the Corporation.

NOTE 8 - FIXED ASSETS

Property and Equipment activity for the year ended December 31, 2018 was as follows:

	Balance <u>1/1/2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/2018</u>
Furniture and Equipment	\$ 6,323	\$ -	\$ -	\$ 6,323
Less: Accumulated Depreciation	-	<u>(3,806)</u>	-	<u>(3,806)</u>
Total Fixed Assets, Net	<u>\$ 6,323</u>	<u>\$ (3,806)</u>	<u>\$ -</u>	<u>\$ 2,517</u>

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Corporation's financial assets at December 31, 2018:

Financial assets at December 31, 2018:	
Cash and Cash Equivalents	\$ 112,215
Accounts Receivable	<u>1,500</u>
Total financial assets available to meet general expenses over the next twelve months	<u>\$ 113,715</u>

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 9 - AVAILABILITY AND LIQUIDITY (Continued)

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Corporation's goal is generally to maintain financial assets to meet three months (90 days) of operating expenses, which is approximately \$93,070 for the year ended December 31, 2018.

Corporation's financial assets are structured to be available as general expenses, liabilities and other obligations come due.

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

Grow Licking County Community Improvement Corporation
Licking County
33 West Main Street
Suite 104
Newark, Ohio 43055

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 financial statements of the Grow Licking County Community Improvement Corporation, Licking County, Ohio (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows, for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020. Furthermore, as discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Grow Licking County Community Improvement Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Grow Licking County Community Improvement Corporation'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 Grow Licking County Community Improvement Corporation'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Grow Licking County Community Improvement Corporation'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*.

Grow Licking County Community Improvement Corporation's Response to the Finding

The Grow Licking County Community Improvement Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the Grow Licking County Community Improvement Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Grow Licking County Community Improvement Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Grow Licking County Community Improvement Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
June 25, 2020

**GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements, and also reviewing the note disclosures to ensure they properly reflect the financial activity in accordance with applicable accounting standards.

For both 2018 and 2019, various formatting adjustments were made to the Statement of Financial Position, Statement of Activities, and the Statement of Cash Flows to properly reflect the Corporation's activities. Additionally, significant adjustments were made to the 2018 and 2019 notes to the financial statements to properly reflect the Corporation's disclosures in accordance with FASB ASU 2016-14.

Without additional policies and procedures for control and monitoring activities associated with the period-end financial reporting process the Corporation is at risk of preparing incomplete or inaccurate financial statements.

We recommend the Corporation design and implement additional policies and procedures for control and monitoring activities associated with period-end financial reporting processes. We also recommend the Corporation consult with their auditors, the Auditor of State and/or further consult with an accounting firm to help ensure accurate financial reporting. In addition, the Board of Directors should review the financial statements and note disclosures to identify and correct errors and omissions.

Client Response: The Corporation will consult with its accountants and auditors in the future to present complete and accurate financial information.

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OHIO AUDITOR OF STATE KEITH FABER



GROW LICKING COUNTY COMMUNITY IMPROVEMENT CORPORATION

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/13/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov