

**POWELL COMMUNITY
IMPROVEMENT CORPORATION**

**(A COMPONENT UNIT OF THE CITY OF POWELL)
DELAWARE COUNTY, OHIO**

**Financial Statements
(Audited)**

**For the Year Ended
December 31, 2019**



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Board of Trustees
Powell Community Improvement Corporation
47 Hall Street
Powell, Ohio 43065

We have reviewed the *Independent Auditor's Report* of the Powell Community Improvement Corporation, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 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 Powell 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

September 29, 2020

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**POWELL COMMUNITY IMPROVEMENT CORPORATION
DELAWARE COUNTY, OHIO**

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Independent Auditor's Report

Powell Community Improvement Corporation
Delaware County
47 Hall Street
Powell, Ohio 43065

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Powell Community Improvement Corporation, Delaware County, Ohio, (a not-for-profit corporation), a blended component unit of the City of Powell presented as a nonmajor special revenue fund, which comprise the statement of financial position as of December 31, 2019, the related statements of activities and cash flows for the year 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 Powell 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 Powell 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 opinion.

Opinion

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

Emphasis of Matter

As discussed in Note 5 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Powell 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 July 22, 2020, on our consideration of the Powell 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. While we did not opine on the internal control over financial reporting or on compliance, 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 Powell Community Improvement Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
July 22, 2020

POWELL COMMUNITY IMPROVEMENT CORPORATION
(A COMPONENT UNIT OF CITY OF POWELL, OHIO)
DELAWARE COUNTY

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents (Note 1)	\$ 95,785
Accounts receivable	57,000
Prepaid Items	<u>15,735</u>

TOTAL ASSETS \$ 168,520

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 57,000
Refundable deposits	<u>2,200</u>

TOTAL LIABILITIES 59,200

Net Assets:

Without donor restrictions	<u>109,320</u>
Total net assets	<u>109,320</u>

TOTAL LIABILITIES AND NET ASSETS \$ 168,250

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

**POWELL COMMUNITY IMPROVEMENT CORPORATION
(A COMPONENT UNIT OF CITY OF POWELL, OHIO)
DELAWARE COUNTY**

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

	Without Donor Restrictions
Revenues	
Contributions	\$ 47,637
Rental income	19,800
Miscellaneous	98
Total revenues	67,535
 Expenses	
Community support	47,637
Administrative charges	23,326
Total expenses	70,963
Change in net assets	(3,428)
Net assets at beginning of year	112,748
Net assets at end of year	\$ 109,320

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

**POWELL COMMUNITY IMPROVEMENT CORPORATION
(A COMPONENT UNIT OF CITY OF POWELL, OHIO)
DELAWARE COUNTY**

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

Cash flows from operating activities:

Decrease in net assets	(\$ 3,428)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Increase in accounts receivable	(42,400)
Increase in prepaid items	(15,735)
Increase in accounts payable	24,400
Increase in refundable deposits	2,200
Net cash used in operating activities	<u>(34,963)</u>
Net decrease in cash and cash equivalents	(34,963)
Beginning of period cash	<u>130,748</u>
End of period cash	<u>\$ 95,785</u>

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

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**POWELL COMMUNITY IMPROVEMENT CORPORATION
(A COMPONENT UNIT OF CITY OF POWELL, OHIO)
DELAWARE COUNTY**

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

NOTE 1 – Summary of Significant Accounting Policies

A. Organization

The Powell Community Improvement Corporation (CIC) was formed pursuant to Ordinance 2010-19 passed on May 5, 2010 and incorporated as a corporation not-for-profit under Section 1702 and 1724 of the Ohio Revised Code. The CIC was created to assist the City in the revitalization and enhancement of property, and to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Powell. The CIC has been designated as the City of Powell’s agent for economic development.

The CIC is also considered a blended component unit of the City of Powell for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, Blending Requirement for Certain Component Units – An Amendment of GASB Statement No. 14, GASB Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus.

B. Basis of Accounting

The accounts are maintained, and these financial statements are presented on the accrual basis and in conformity 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 CIC 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 CIC 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 CIC’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 CIC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no assets with donor restrictions as of December 31, 2019.

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.

**POWELL COMMUNITY IMPROVEMENT CORPORATION
(A COMPONENT UNIT OF CITY OF POWELL, OHIO)
DELAWARE COUNTY**

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

NOTE 1 – Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of Financial Position, all cash in checking accounts is considered to be cash and cash equivalents.

E. Concentration of Credit Risk

The CIC maintains its cash account in one commercial bank in Ohio. The cash balance is fully insured within the limits guaranteed by the Federal Deposit Insurance Corporation.

F. 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.

G. Tax Exempt Status

The CIC is exempt from federal income tax under Section 501(C)(4) of the Internal Revenue Code.

H. New Accounting Pronouncements

During 2019, the CIC 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 CIC.

During 2019, the CIC 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 CIC.

**POWELL COMMUNITY IMPROVEMENT CORPORATION
(A COMPONENT UNIT OF CITY OF POWELL, OHIO)
DELAWARE COUNTY**

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

NOTE 1 – Summary of Significant Accounting Policies (Continued)

I. Accounts Receivable

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

J. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2019 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.

NOTE 2 – Restriction of Net Assets

The CIC did not have any restrictions on net assets as of December 31, 2019.

NOTE 3 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

NOTE 4 – Risk Management

The CIC is subjected to certain types of risk in the performance of its normal functions. The Board views this exposure as minimal as the CIC currently has no employees and minimal operating activity. The CIC has general liability insurance and not-for-profit organizational policies.

NOTE 5 – 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 CIC. In addition, the impact on the CIC's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 6 – Allocation of Functional Expenses

CIC expenses are reported and categorized based upon their functional classification as either community support or administrative charges. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. There are no expenses that are allocated between community support and administrative charges. Functional expenses are allocated as follows:

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DELAWARE COUNTY**

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

NOTE 6 – Allocation of Functional Expenses (Continued)

	<u>Administrative Charges</u>	<u>Community Support</u>
Insurance	\$ 240	\$ -
Audit Fees	1,890	-
Charging Stations	440	-
Check Printing	69	-
Income Tax Survey	10,700	-
Utilities	3,438	-
Carpet Replacement	6,549	-
Job Creation Contracts	-	47,637
	<u>\$ 23,326</u>	<u>\$ 47,637</u>

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

Powell Community Improvement Corporation
Delaware County
47 Hall Street
Powell, Ohio 43065

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 Powell Community Improvement Corporation, Delaware County, Ohio (a not-for-profit corporation), a blended component unit of the City of Powell presented as a nonmajor special revenue fund, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2020; wherein we noted as discussed in Note 5 to the financial statements, 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 Powell 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Powell 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 Powell 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Powell 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*.

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 Powell 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 Powell Community Improvement Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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Julian & Grube, Inc.
July 22, 2020

OHIO AUDITOR OF STATE KEITH FABER



POWELL COMMUNITY IMPROVEMENT CORPORATION

DELAWARE 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 10/13/2020

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