



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Community Improvement Corporation of Union County
227 East Fifth Street
Marysville, Ohio 43040

We have reviewed the *Independent Auditor's Report* of Community Improvement Corporation of Union County, Union County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2019 through December 31, 2020. 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. Community Improvement Corporation of Union County 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

October 19, 2021

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**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Union County
Union County
227 East Fifth Street
Marysville, Ohio 43040

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Union County, Union County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses, 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 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 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 respective financial position of the Corporation, as of December 31, 2020 and 2019, 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 2020 financial statements, the financial impact of COVID-19 and the ensuing measure will impact subsequent periods of the 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 August 25, 2021], on our consideration of the 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 Corporation's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
August 25, 2021

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS	
Cash	\$ 261,983
Accounts Receivable	6,498
Prepaid Expenses	<u>1,777</u>
Total Assets	<u><u>270,258</u></u>
LIABILITIES	
Accounts Payable	<u>3,334</u>
Total Liabilities	<u>3,334</u>
Net Assets	
Without Donor Restrictions	113,901
With Donor Restrictions	<u>153,023</u>
Total Net Assets	<u>266,924</u>
Total Liabilities and Net Assets	<u><u>\$ 270,258</u></u>

The notes to the financials statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support			
Member dues	\$ 332,558	\$ -	\$ 332,558
Administrative Fees	13,002	-	13,002
Interest Income	74	-	74
Other Income	61,034	-	61,034
Program Revenue	-	293,646	293,646
Net Assets Released from Restrictions	353,600	(353,600)	-
Total Revenues	<u>760,268</u>	<u>(59,954)</u>	<u>700,314</u>
Operating Expenses			
Program	632,787	-	632,787
Management and General	38,971	-	38,971
Total Expenses	<u>671,758</u>	<u>-</u>	<u>671,758</u>
 Change in net assets	 88,510	 (59,954)	 28,556
Net assets, beginning of year	<u>25,391</u>	<u>212,977</u>	<u>238,368</u>
Net assets, end of year	<u>\$ 113,901</u>	<u>\$ 153,023</u>	<u>\$ 266,924</u>

The notes to the financials statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>	<u>Management & General</u>	<u>Total</u>
Salaries	\$ 91,435	\$ 30,478	\$ 121,913
Marketing	15,150	-	15,150
Subscriptions	247	-	247
Professional Dues	14,168	-	14,168
Operational Fees	76,110	-	76,110
Bank Charges	-	163	163
Transportation	1,961	-	1,961
Consulting Contracts	69,928	-	69,928
Conference Expenses	2,088	-	2,088
Insurance Group	122	40	162
Office Expenses	392	393	785
Meals and Entertainment	2,554	-	2,554
Accounting and Legal	3,728	3,727	7,455
Program Expenses	314,584	-	314,584
Association Dues	27,807	-	27,807
Employee Benefits	4,765	1,588	6,353
Payroll taxes	7,748	2,582	10,330
Total	<u>\$ 632,787</u>	<u>\$ 38,971</u>	<u>\$ 671,758</u>

The notes to the financials statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 28,556
Adjustments to reconcile change in net assets	
Decrease in accounts receivable	1,250
Increase in prepaid expenses	(1,777)
Decrease in accounts payable	(51,173)
Decrease in accrued expenses	(950)
Net cash used by operating	<u>(24,094)</u>
 NET DECREASE IN CASH	 (24,094)
 CASH AT BEGINNING OF YEAR	 <u>286,077</u>
 CASH AT END OF YEAR	 <u><u>\$ 261,983</u></u>

Supplemental Disclosures for Cash Flow:

Cash paid for:	
Interest	\$ -
Income Taxes	\$ -

The notes to the financials statements are an integral part of this statement

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2020

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Community Improvement Corporation of Union County (the Corporation) was incorporated in 1989. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of Union County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statement follows.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on an accrual basis of accounting and accordingly reflect all significant assets and liabilities.

C. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6) and Chapters 1702 and 1724 of the Ohio Revised Code.

D. Basis of Presentation

The Corporation has adopted the Accounting Standard Codification (ASC) No. 958-205-45, "Financial Statement of Not-For-Profit Organizations". Under ASC 958-205-45, the Corporation is required to report information regarding its financial position and activities according to two class of net assets: net assets without donor restrictions and net assets with donor restrictions. The Corporation is also required to present a statement of cash flows.

Net Assets Without Donor Restrictions – net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for the general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions – net assets with donor restrictions consist of assets whose Use is limited by donor-imposed, time and/or purpose restrictions.

See Note 10 for more information on the composition of net assets with donor restrictions.

E. Liquidity Management

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations due. The Corporation invests cash in excess of daily requirements into a savings account. To help manage unanticipated liquidity needs the Corporation has Board Designated net assets without donor restrictions that, while the Corporation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2020

(Continued)

F. Use of Estimates

The preparation of financial statement 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. Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (the "FASB") issued an update to Not-For-Profit accounting to help charities, foundations, universities, and other Not-For-Profit Groups (Organization) better tell their "Financial Story". The Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities, deals largely with financial statement presentation issues – how organizations convey how they spend and invest their resources. The standard requires an organization to classify their assets into two categories – those with donor restrictions and those with. The update also aims to enhance information about an organization's expenses through new expenses analysis that shows expenses broken down by nature and function. Further, the update will require organizations to provide information that shows how they manage their access to cash over twelve months and retain liquidity. The update went into effect for the financial statements issues for fiscal years beginning after December 15, 2017. The Corporation implemented ASU 2016-14 as of and for the year ended December 31, 2020.

H. Cash Deposits

At December 31, 2020, the bank balance was \$261,983. Accounts at each institution are insured by Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

I. Property and Equipment

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation.

Depreciation is computed using primarily the straight-line method. All reported capital assets are depreciated. Depreciation on the furniture and equipment is calculated over a useful life of 5-7 years.

2. RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2020

(Continued)

3. MOBILE LAB PROGRAM

In 2016, the Corporation received \$246,000 in a combined joint contract with Marion Technical College to develop the Mobile Manufacturing Training Lab (MMTL) Program. The program will focus its efforts within an eight-county region surrounding and including Union County, Ohio. Through collaborative efforts of the public sector, private sector, and education institutions, the MMTL program shall actively promote and support hands on fundamental and intermediate level manufacturing skills training for incumbent workers, adult learners, and students in school grades 7 through 12.

4. YEA PROGRAM

Young Entrepreneurs Academy (YEA!) guides middle school and high school students through the process of starting and running a legitimate business or social movement over the course of a full academic year. YEA!'s direct mission is to help students embrace their passion, energy, creativity and talents, launch a venture, and view entrepreneurship and social innovation as synonymous with success and freedom.

5. TEAM MARYSVILLE

Team Marysville is an association of Marysville, Ohio residents, merchants, property owners and elected officials that works to improve the overall economic and civic vitality of Marysville's historic Upton District.

6. NATURAL GAS

The Ohio Gas Access Partnership (OGAP) is a 501(c)(6) coalition of businesses and community stakeholders seeking solutions of West Central Ohio's future energy needs. During its Board of Trustees meeting on April 10, 2019, the CIC took formal action to become the fiduciary agent for OGAP. As such, the CIC is responsible for issuing invoices and collecting payments from OGAP members, making payments on behalf of OGAP, and preparing financial reports. Public sector members of OGAP include Union, Logan, and Madison Counties, City of Marysville, Marysville Union County Port Authority, Union County Community Improvement Corporation, Memorial Health and the Mid-Ohio Regional Planning Commission.

7. TEAM MARYSVILLE

The Union County Community through contributions from businesses and individuals as well as the Union County board of County Commissioners, City of Marysville, Marysville-Union County Port Authority, Union County Chamber of Commerce (COC), Union County Convention and Visitors Bureau (CVB), and Union County Community Improvement Corporation (CIC) have collaborated to develop and fund the 3R (Reconnect, Rebuild, and Recover) Small Business Grant Program: Union County Strong!

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2020

(Continued)

Due to COVID-19, businesses were suffering and many closed operations, furloughed or laid off employees, and/or have realized economic losses. To support the businesses in the county, the CIC established the 3R Small Business Grant Program (3R). The 3R was developed to provide financial aid to small businesses who have sustained economic losses and require funds for lease or mortgage payments, payroll, and/or operations. 3R will focus on three main areas of the business community: Uptown/Downtown Businesses, Hospitality Businesses, and Small Businesses.

8. RELATED PARTY TRANSACTIONS

Union County, Ohio (the County) provides a material portion of the Corporation's funding. During fiscal year ending December 31, 2020, the County paid the Corporation \$218,106 to promote economic development. This amount is included in membership fees.

9. ACCOUNTS RECEIVABLE

Receivables at December 31, 2020 consisted of uncollected EDAP Dues. All receivables are considered collectible in full and within one year. If amounts are uncollectible, they are written off to bad debt.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods of December 31, 2020 is as follows:

<u>December 31:</u>	<u>2020</u>
Subject to expenditures for specified purpose or period:	
Mobile Lab Program	\$ 143,125
Young Entrepreneurs Academy (YEA)	6,805
Natural Gas	3,049
Team Marysville	<u>44</u>
Total Subject to expenditures for specified purpose or period	<u>153,023</u>
Total net assets with donor restrictions	<u>\$ 153,023</u>

During 2020, \$353,600 of net assets with specified purpose restrictions, were released from restrictions by incurring expenses satisfying the restricted purpose.

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2020

(Continued)

11. COVID-19

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

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**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS	
Cash	\$ 286,077
Accounts Receivable	<u>7,748</u>
Total Assets	<u><u>293,825</u></u>
LIABILITIES	
Accounts Payable	54,507
Accrued Expenses	<u>950</u>
Total Liabilities	<u>55,457</u>
Net Assets	
Temporarily Restricted Net Assets	86,440
Unrestricted Net Assets	<u>151,928</u>
Total Net Assets	<u>238,368</u>
Total Liabilities and Net Assets	<u><u>\$ 293,825</u></u>

The notes to the financials statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Member dues	\$ 283,291	\$ -	\$ 283,291
Administrative Fees	15,374	-	15,374
Interest Income	98	-	98
Other Income	720	-	720
Program Revenue	-	68,302	68,302
Net Assets Released from Restrictions	72,153	(72,153)	-
Total Revenues	371,636	(3,851)	367,785
Operating Expenses			
Program	446,177	-	446,177
Management and General	39,051	-	39,051
Total Expenses	485,228	-	485,228
 Change in net assets	 (113,592)	 (3,851)	 (117,443)
 Net assets, beginning of year	 138,983	 216,828	 355,811
 Net assests, end of year	 \$ 25,391	 \$ 212,977	 \$ 238,368

The notes to the financials statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program</u>	<u>Management & General</u>	<u>Total</u>
Salaries	\$ 67,700	\$ 22,566	\$ 90,266
Marketing	9,214	-	9,214
Subscriptions	660	-	660
Professional Dues	38,387	-	38,387
Operational Fees	75,200	-	75,200
Bank Charges	-	100	100
Transportation	7,245	-	7,245
Consulting Contracts	80,406	-	80,406
Conference Expenses	15,030	-	15,030
Insurance Group	1,371	457	1,828
Office Expenses	2,178	2,177	4,355
Meals and Entertainment	1,292	-	1,292
Accounting and Legal	11,128	11,127	22,255
Program Expenses	41,972	-	41,972
Association Dues	86,524	-	86,524
Employee Benefits	2,591	864	3,455
Payroll taxes	5,279	1,760	7,039
Total	<u>\$ 446,177</u>	<u>\$ 39,051</u>	<u>\$ 485,228</u>

The notes to the financials statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

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

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (117,443)
Adjustments to reconcile change in net assets	
Decrease in accounts receivable	12,108
Decrease in prepaid expenses	18,974
Increase in accounts payable	47,984
Decrease in accrued expenses	(50)
Net cash used by operating	<u>(38,427)</u>
 NET DECREASE IN CASH	 (38,427)
 CASH AT BEGINNING OF YEAR	 <u>324,504</u>
 CASH AT END OF YEAR	 <u><u>\$ 286,077</u></u>

Supplemental Disclosures for Cash Flow:

Cash paid for:

Interest	\$ -
Income Taxes	\$ -

The notes to the financial statements are an integral part of this statement

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2019

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Community Improvement Corporation of Union County (the Corporation) was incorporated in 1989. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of Union County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statement follows.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on an accrual basis of accounting and accordingly reflect all significant assets and liabilities.

C. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6) and Chapters 1702 and 1724 of the Ohio Revised Code.

D. Basis of Presentation

The Corporation has adopted the Accounting Standard Codification (ASC) No. 958-205-45, "Financial Statement of Not-For-Profit Organizations". Under ASC 958-205-45, the Corporation is required to report information regarding its financial position and activities according to two class of net assets: net assets without donor restrictions and net assets with donor restrictions. The Corporation is also required to present a statement of cash flows.

Net Assets Without Donor Restrictions – net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for the general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions – net assets with donor restrictions consist of assets whose Use is limited by donor-imposed, time and/or purpose restrictions.

See Note 9 for more information on the composition of net assets with donor restrictions.

E. Liquidity Management

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations due. The Corporation invests cash in excess of daily requirements into a savings account. To help manage unanticipated liquidity needs the Corporation has Board Designated net assets without donor restrictions that, while the Corporation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2019

(Continued)

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. Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (the “FASB”) issued an update to Not-For-Profit accounting to help charities, foundations, universities, and other Not-For-Profit Groups (Organization) better tell their “Financial Story”. The Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities, deals largely with financial statement presentation issues – how organizations convey how they spend and invest their resources. The standard requires an organization to classify their assets into two categories – those with donor restrictions and those with. The update also aims to enhance information about an organization’s expenses through new expenses analysis that shows expenses broken down by nature and function. Further, the update will require organizations to provide information that shows how they manage their access to cash over twelve months and retain liquidity. The update went into effect for the financial statements issues for fiscal years beginning after December 15, 2017. The Corporation has implemented ASU 2016-14 as of and for the year December 31, 2019.

H. Cash Deposits

At December 31, 2019, the bank balance was \$286,077. Accounts at each institution are insured by Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000.

I. Property and Equipment

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation.

2. RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2019

(Continued)

3. MOBILE LAB PROGRAM

In 2016, the Corporation received \$246,000 in a combined joint contract with Marion Technical College to develop the Mobile Manufacturing Training Lab (MMTL) Program. The program will focus its efforts within an eight-county region surrounding and including Union County, Ohio. Through collaborative efforts of the public sector, private sector, and education institutions, the MMTL program shall actively promote and support hands on fundamental and intermediate level manufacturing skills training for incumbent workers, adult learners, and students in school grades 7 through 12.

4. YEA PROGRAM

Young Entrepreneurs Academy (YEA!) guides middle school and high school students through the process of starting and running a legitimate business or social movement over the course of a full academic year. YEA!'s direct mission is to help students embrace their passion, energy, creativity and talents, launch a venture, and view entrepreneurship and social innovation as synonymous with success and freedom.

5. TEAM MARYSVILLE

Team Marysville is an association of Marysville, Ohio residents, merchants, property owners and elected officials that works to improve the overall economic and civic vitality of Marysville's historic Upton District.

6. NATURAL GAS

The Ohio Gas Access Partnership (OGAP) is a 501(c)(6) coalition of businesses and community stakeholders seeking solutions of West Central Ohio's future energy needs. During its Board of Trustees meeting on April 10, 2019, the CIC took formal action to become the fiduciary agent for OGAP. As such, the CIC is responsible for issuing invoices and collecting payments from OGAP members, making payments on behalf of OGAP, and preparing financial reports. Public sector members of OGAP include Union, Logan, and Madison Counties, City of Marysville, Marysville Union County Port Authority, Union County Community Improvement Corporation, Memorial Health and the Mid-Ohio Regional Planning Commission.

7. RELATED PARTY TRANSACTIONS

Union County, Ohio (the County) provides a material portion of the Corporation's funding. During fiscal year ending December 31, 2019, the County paid the Corporation \$180,388 to promote economic development. This amount is included in membership fees.

Community Improvement Corporation of Union County

Notes to the Financial Statements

December 31, 2019

(Continued)

8. ACCOUNTS RECEIVABLE

Receivables at December 31, 2019 consisted of uncollected EDAP Dues. All receivables are considered collectible in full and within one year. If amounts are uncollectible, they are written off to bad debt.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods of December 31, 2019 is as follows:

<u>December 31:</u>	<u>2019</u>
Subject to expenditures for specified purpose or period:	
Mobile Lab Program	\$ 174,926
Young Entrepreneurs Academy (YEA)	9,958
Natural Gas	28,049
Team Marysville	<u>44</u>
Total Subject to expenditures for specified purpose or period	<u>212,977</u>
Total net assets with donor restrictions	<u>\$ 212,977</u>

During 2019, \$72,153 of net assets with specified purpose restrictions, were released from restrictions by incurring expenses satisfying the restricted purpose.



**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 Union County
Union County
227 East Fifth Street
Marysville, Ohio 43040

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 Community Improvement Corporation of Union County, Union County, (the Corporation) (a not-for-profit corporation) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated August 25, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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 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 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the 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 financial statements. 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 Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
August 25, 2021

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

FINDING NUMBER 2020-001

Material Weakness - Sound Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Misstatements were identified during the course of the audit which have not been prevented or detected by the Corporation's internal controls over financial reporting.

Internal controls over the Corporation's financial report process were not in place and operating effectively.

The following matters were noted during procedures performed:

During the audit it was noted that program activity for OGAP, Mobile Lab and YEA was incorrectly classified on the Corporation's financial statements for the year December 31, 2019. This resulted in adjustments being made in the following areas on the Corporation's statement of activities:

- Program Expenses – Without Donor Restrictions;
- Program Revenue – With Donor Restrictions;
- Net Assets Released from Restrictions – Without Donor Restrictions;
- Net Assets Released from Restrictions – With Donor Restrictions

Improper posting of financial activity could restrict management's ability to make informed decisions and result in audit adjustments being made which are reflected in the accompanying financial statements.

To assist in the effective management and reporting of transactions, the Corporation should develop procedures to determine that all financial activity is properly posted and routinely reviewed by an independent reviewer.

Client Response:

We did not receive a response to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY

UNION 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 11/4/2021

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