



**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
DECEMBER 31, 2022 AND 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Consolidated Statement of Financial Position December 31, 2022	5
Consolidated Statement of Activities For the Year Ended December 31, 2022	6
Consolidated Statement of Functional Expenses For the Year Ended December 31, 2022	7
Consolidated Statement of Cash Flows For the Year Ended December 31, 2022	8
Notes to the Consolidated Financial Statements For the Year Ended December 31, 2022	9
Statement of Financial Position December 31, 2021	15
Statement of Activities For the Year Ended December 31, 2021	16
Statement of Functional Expenses For the Year Ended December 31, 2021	17
Statement of Cash Flows For the Year Ended December 31, 2021	18
Notes to the Financial Statements For the Year Ended December 31, 2021	19
Supplementary Information:	
Consolidating Statement of Financial Position December 31, 2022	24
Consolidating Statement of Activities For the Year Ended December 31, 2022	25
Consolidating Statement of Functional Expenses For the Year Ended December 31, 2022	26
Consolidating Statement of Cash Flows For the Year Ended December 31, 2022	27
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
DECEMBER 31, 2022 AND 2021**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Prepared by Management:	
Summary Schedule of Prior Audit Findings	31

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Improvement Corporation of Defiance County, Defiance County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

Efficient • Effective • Transparent

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The Consolidating Statement of Financial Position, Consolidating Statement of Activities, Consolidating Statement of Functional Expenses, and the Consolidating Statement of Cash Flows as of December 31, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidating Statement of Financial Position, Consolidating Statement of Activities, Consolidating Statement of Functional Expenses, and the Consolidating Statement of Cash Flows as of December 31, 2022 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 6, 2023

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COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$	436,272
Cash Restricted for Economic Development		54,821
Accounts Receivable - Trade		2,250
Loans Receivable - Current		13,403
Total Current Assets		<u>506,746</u>

Property and Equipment

Furniture and Fixtures		19,822
Less Accumulated Depreciation		<u>(18,693)</u>
Total Property and Equipment - Net		<u>1,129</u>

Other Assets

Loans Receivable - Net		112,113
Right of Use Assets for Operating Leases		<u>43,949</u>
Total Other Assets		<u>156,062</u>

Total Assets

\$ 663,937

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable - Trade	\$	860
Current Portion of Operating Lease Liability		15,898
Accrued Expenses		218
Deferred Revenue		<u>54,821</u>
Total Current Liabilities		<u>71,797</u>

Long-Term Liabilities

Operating Lease Liability - Net		<u>28,459</u>
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Net Assets

Net Assets Without Donor Restrictions		563,018
Net Assets With Donor Restrictions		<u>663</u>
Total Net Assets		<u>563,681</u>

Total Liabilities and Net Assets

\$ 663,937

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Public and Private Support	\$ 317,025	\$ 47,998	\$ 365,023
Grant Revenue	-	35,481	35,481
Administrative Fees	5,139	-	5,139
Donations	-	663	663
Interest Income	3,154	-	3,154
Net Assets Released From Restrictions	83,479	(83,479)	-
Total Revenues	<u>408,797</u>	<u>663</u>	<u>409,460</u>
Expenses			
Economic Development	258,792	-	258,792
Supporting Services: Management and General	121,022	-	121,022
Total Expenses	<u>379,814</u>	<u>-</u>	<u>379,814</u>
Change in Net Assets	28,983	663	29,646
Net Assets, Beginning of Year	<u>534,035</u>	<u>-</u>	<u>534,035</u>
Net Assets, End of Year	<u>\$ 563,018</u>	<u>\$ 663</u>	<u>\$ 563,681</u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Supporting Services	Total Expenses
Consulting	\$ 1,140	\$ -	\$ 1,140
Depreciation	412	412	824
Development	86,449	-	86,449
Fringe Benefits and Taxes	10,075	13,316	23,391
Insurance	1,510	1,510	3,020
Lease	3,458	10,373	13,831
Legal and Professional	-	11,701	11,701
Memberships	3,218	3,218	6,436
Office Supplies	1,431	4,264	5,695
Postage	242	243	485
Promotion and Printing	21,899	-	21,899
Salary	120,460	69,923	190,383
Software	2,985	2,985	5,970
Staff Training	717	239	956
Telephone	2,710	904	3,614
Travel and Entertainment	2,086	1,934	4,020
Total	<u>\$ 258,792</u>	<u>\$ 121,022</u>	<u>\$ 379,814</u>

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

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities	
Change in Net Assets	\$ 29,646
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	824
(Increase) in Accounts Receivable - Trade	(2,250)
Decrease in Accounts Receivable - Other	15,009
Proceeds from Loans Receivable	20,282
(Increase) in Right to Use Assets for Operating Leases	(43,949)
Increase In Accounts Payable	860
Decrease in Accrued Expenses	(4,096)
Increase in Deferred Revenue	40,515
Increase in Operating Lease Liability	44,357
Net Cash Provided by Operating Activities	<u>71,552</u>
Net Increase in Cash and Cash Equivalents	101,198
Cash and Cash Equivalents at Beginning of Year	<u>389,895</u>
Cash and Cash Equivalents at End of Year	<u>\$ 491,093</u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1 – Summary of Operations and Significant Accounting Policies

This summary of significant accounting policies of the Community Improvement Corporation of Defiance County, Ohio, and Defiance County Homegrown Workforce and Business Development Council, collectively known as the Corporation, is presented to assist in understanding the Corporation's consolidated financial statements. The consolidated financial statements and notes are representations of the Corporation's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation – The consolidated financial statements include the accounts of the Community Improvement Corporation of Defiance County (CIC) and Defiance County Homegrown Workforce and Business Development Council (Homegrown). The Corporation shares a majority of board members thus a majority voting interest is established. All material intercompany transactions have been eliminated.

Nature of Organization – The CIC is incorporated as a corporation, not for profit, under section 1724.01 of the revised code of the State of Ohio. The purpose of the CIC is to advance, encourage and promote the industrial, economic, commercial, and civic development of Defiance County. The CIC's basic programs include advertising in industrial development publications, assisting businesses in obtaining incentives to expand or locate in Defiance County, and administering incentive programs for taxing authorities and related businesses. Homegrown is a not-for-profit organized under the laws of State of Ohio. The purpose of Homegrown is to assist local companies with workforce and business development opportunities in Defiance County. Homegrown's basic programs include providing market research and high-level technical assistance toward industry trends, search engine optimization, and marketing to initiate, develop, promote, and support programs that assist individuals and businesses in establishment, retention, expansion, and locating in Defiance County.

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

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

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statement of financial position that sum to the total in the statement of cash flows as of December 31, 2022:

Cash and Cash Equivalents	\$ 436,272
Cash Restricted for Economic Development	<u>54,821</u>
Total Cash and Restricted Cash	<u>\$ 491,093</u>

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Property and Equipment – The Corporation capitalizes all expenditures in excess of \$500 for property and equipment. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewal and improvements are capitalized, while replacements, maintenance and repairs which do not materially extend the useful lives of assets, are expensed. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Display of Net Assets by Class – The accompanying consolidated financial statements have been prepared in conformity with the presentation requirements of the Financial Accounting Standards Board for non-profit entities. Accordingly, the net assets of the Corporation are reported in each of the following two classes: (a) net assets without donor restrictions, and (b) net assets with donor restrictions. Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in the net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions.

Public and Private Support Revenue – The CIC's major source of revenue is public and private support revenue comprising payments from Defiance County, the City of Defiance, and various villages and townships within the County and membership support received from businesses and individuals in Defiance County. Other income consists of state grants, administration fees of tax incentive programs, and interest income received from loans receivables. Homegrown's major source of support is grant revenue and donations received from business and individuals in Defiance County.

Contributions – Contributions are recognized when the donor makes a promise to the Corporation that is, in substance, unconditional. Contributions which have no restrictions or donor restrictions expiring in the current year are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When the restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished) the restricted net assets are reclassified to net assets without donor restrictions.

Functional Expenses – The costs of providing the various programs have been summarized on a functional basis in the consolidated statement of functional expenses. Expenses are allocated to program services and supporting services – (management and general) on the following basis:

- Management and general expenses are allocated based on management's estimate of time spent.
- Personnel expenses are allocated on the basis of direct salaries.
- Building and occupancy costs are allocated on a management's estimate of representative space used for each activity.

Federal Income Taxes – The CIC is exempt from federal income taxes as a non-profit corporation under Section 501(c)(6) of the Internal Revenue Code. Homegrown is exempt from federal income taxes as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code. Thus, no provision for federal income taxes has been made in the accompanying consolidated financial statements.

Fair Value of Financial Instruments – The Corporation's financial instruments are cash, loans receivable, and accounts payable. The recorded values of cash and accounts payable approximate their fair values based on their short-term nature. The recorded values of loans receivable approximate fair value, as interest approximates market rates.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Recently Issued Accounting Standards – Effective January 1, 2022, the Corporation adopted FASB ASC 842, Leases. The Corporation determines if an arrangement contains a lease at inception based on whether the Corporation has the right to control the asset during the contract period and other facts and circumstances. The Corporation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842, Leases resulted in the recognition of right-of-use-assets (ROU assets), net of prepaid lease payments and lease incentives of \$59,602 and operating lease liabilities of \$59,602 as of January 1, 2022. Results for periods beginning prior to January 1, 2022, continue to be reported in accordance with historical accounting treatment. The adoption of FASB ASC 842, Leases did not have a material impact on the Corporation’s results of operations, cash flows or debt covenants. See Note 9.

In September 2020, the FASB issued Accounting Standards Update (ASU) no. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of nonfinancial assets, including gifts-in-kind (GIK). The standard includes disclosure information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. Management has adopted this policy effective January 1, 2022. There are no transition amounts related to assets, liabilities, revenues, or expenses in the adoption of this policy. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market that would be received in their principal market considering their condition and utility for use at the time the GIK are contributed by the donor. The Corporation does not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets do not have any donor restrictions. The Corporation did not receive any GIK.

Note 2 – Liquidity and Availability of Financial Assets

The following reflects the Corporation’s financial assets as of December 31, 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial Assets, at Year End:		
Cash and Cash Equivalents	\$	491,093
Accounts Receivable		2,250
Loans Receivable – Current Portion		13,403
Less:		
Financial Assets Held for Donor Restrictions		<u>(54,821)</u>
Financial Assets Available to Meet General Expenditures		
Within the Next Year	\$	<u>451,925</u>

The Corporation may receive donor-restricted contributions. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Corporation must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2022. As part of the Corporation’s liquidity management plan, cash in excess of daily requirements is invested in money market and savings accounts.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 3 – Loans Receivable

The CIC encourages expansion of local businesses by making low interest loans. The loans are secured by inventory, chattel paper, accounts, equipment and general intangibles. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to loans receivable. The allowance for bad debts for the year ended December 31, 2022 was \$0.

Terms of the loans are as follows:

	12/31/22	Interest Rate	Monthly Payment	Due Date
Clemens Mobile Welding	\$ 96,689	2.00%	\$ 758.83	Nov-34
B&B Molded Products	3,555	2.00%	893.10	Apr-23
Spyker Contracting	25,272	2.00%	257.40	Nov-31
Total	125,516			
Less: Current Portion	(13,403)			
Long Term Portion	<u>\$ 112,113</u>			

Note 4 – Property and Equipment

Property and equipment activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/22	Additions	Dispositions	Balance 12/31/22
<i>Property and Equipment, Being Depreciated:</i>				
Furniture and Fixtures	\$ 19,822	\$ -	\$ -	\$ 19,822
Total, Being Depreciated	19,822	-	-	19,822
Less: Accumulated Depreciation:				
Furniture and Fixtures	(17,869)	(824)	-	(18,693)
Total Accumulated Depreciation	(17,869)	(824)	-	(18,693)
Property and Equipment, Being Depreciated, Net	<u>\$ 1,953</u>	<u>\$ (824)</u>	<u>\$ -</u>	<u>\$ 1,129</u>

Note 5 – Deferred Revenue

The CIC's deferred revenue in current liabilities relates to a grant received from Ohio Means Jobs. The CIC entered into a grant agreement to provide outreach services for Defiance County businesses, business events, business hiring events, etc. through June 30, 2023. Homegrown's deferred revenue in current liabilities relates to STEM camps and tours for area youth through October 3, 2023, and funds for assisting and expanding small business in Defiance County through December 31, 2023. Deferred revenue for the year ended December 31, 2022 was \$54,821.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 6 – Net Assets

At December 31, 2022 net assets with donor restrictions consists of cash totaling \$663. All net assets without donor restrictions are undesignated as of December 31, 2022. Net assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors were \$83,479 for the year ended December 31, 2022.

The net assets with donor restrictions include funds for economic development and are considered restricted revenue until the donor-stipulated time expires or the purpose of the restriction is accomplished. The net assets with donor restrictions are reclassified to “net assets without donor restrictions” and reported in the statements of activities and changes in net assets as net assets are released from restrictions.

Note 7 – Concentration of Revenue and Other Risks

The CIC received approximately 22 percent of its revenue from Defiance County and 22 percent of its revenue from City of Defiance in 2022.

The CIC maintained cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation limit of \$250,000 at December 31, 2022. The amounts in excess of the limits were \$147,787 for the year ended December 31, 2022. Management monitors the soundness of these financial institutions and believes it is not exposed to any significant credit risk related to cash deposits.

Note 8 – Cost Allocations

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that have been allocated are wages, fringes and taxes, rent, training, and telephone which are allocated on the basis of estimates of time and effort; and depreciation, insurance, memberships, office supplies, postage, software, travel and entertainment, which are allocated on usage.

Note 9 – Lease Activities

The CIC has right of use (ROU) operating leases for a copier and office space. The leases have remaining lease terms of 1 to 3 years. The leases do not have any options to extend the lease or terminate the lease within a certain time frame. The weighted average remaining lease term is approximately 3 years. As the leases do not provide an implicit rate, the CIC used the 2-year U.S. Treasury Rate, 0.73 percent, as the discount rate based on the information available at the commencement date in determining the present value of lease payments as of December 31, 2022.

The maturities of the lease liabilities as of December 31, 2022 were as follows:

2023	\$ 15,898
2024	14,704
2025	<u>14,244</u>
Total lease payments	44,846
Less: interest	<u>(489)</u>
Present value of lease liabilities	<u>\$ 44,357</u>

ROU lease expense was \$15,629 for the year ended December 31, 2022.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)**

Note 10 – Retirement Plan

The CIC maintains a Simple retirement plan for qualified employees. The Corporation contributes 3 percent of the employees' compensation to the plan. Contributions for 2022 were \$5,115.

Note 11 – Presentation

In June 2016, the FASB issued guidance to change the accounting for credit losses. The guidance requires an entity to utilize a new impairment model known as the current expected credit loss (CECL) model to estimate its lifetime "expected credit losses" and record an allowance that, when deducted from the amortized cost basis of the financial assets, presents the net amount expected to be collected on the financial assets. The CECL framework is expected to result in earlier recognition of credit losses and is expected to be significantly influenced by the composition, characteristics, and quality of the Company's receivables. The new standard is effective for fiscal years beginning after December 15, 2022. Management is currently evaluating the guidance and effects to the financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$	375,589
Cash Restricted for Economic Development		14,306
Accounts Receivable - Other		15,009
Loans Receivable - Current		20,151
Total Current Assets		425,055

Property and Equipment

Furniture and Fixtures		19,822
Less Accumulated Depreciation		(17,869)
Total Property and Equipment - Net		1,953

Other Assets

Loans Receivable - Net		125,647
Total Other Assets		125,647
Total Assets	\$	552,655

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued Expenses	\$	4,314
Deferred Revenue		14,306
Total Current Liabilities		18,620

Net Assets

Net Assets Without Donor Restrictions		534,035
Net Assets With Donor Restrictions		-
Total Net Assets		534,035
Total Liabilities and Net Assets	\$	552,655

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

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Public and Private Support	\$ 323,309	\$ 58,583	\$ 381,892
Grant Revenue	-	17,494	17,494
Administrative Fees	4,748	-	4,748
Donations	15,309	-	15,309
Interest Income	3,402	-	3,402
Net Assets Released From Restrictions	81,931	(81,931)	-
Total Revenues	<u>428,699</u>	<u>(5,854)</u>	<u>422,845</u>
Expenses			
Economic Development	240,435	-	240,435
Supporting Services: Management and General	117,632	-	117,632
Total Expenses	<u>358,067</u>	<u>-</u>	<u>358,067</u>
Change in Net Assets	70,632	(5,854)	64,778
Net Assets, Beginning of Year	<u>463,403</u>	<u>5,854</u>	<u>469,257</u>
Net Assets, End of Year	<u>\$ 534,035</u>	<u>\$ -</u>	<u>\$ 534,035</u>

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

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services	Total Expenses
Advertising	\$ 3,159	\$ -	\$ 3,159
Depreciation	359	359	718
Development	88,767	-	88,767
Fringe Benefits and Taxes	12,152	8,503	20,655
Insurance	1,510	1,510	3,020
Legal and Professional	-	16,653	16,653
Memberships	2,193	2,192	4,385
Office Supplies	1,552	4,681	6,233
Postage	337	336	673
Promotion and Planning	10,384	-	10,384
Rent	6,742	6,414	13,156
Salary	104,480	70,859	175,339
Software	3,597	3,596	7,193
Staff Training	928	309	1,237
Telephone	3,080	1,026	4,106
Travel and Entertainment	1,195	1,194	2,389
Total	<u>\$ 240,435</u>	<u>\$ 117,632</u>	<u>\$ 358,067</u>

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

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	
Change in Net Assets	\$ 64,778
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	718
(Increase) in Accounts Receivable - Other	(15,009)
Proceeds from Loans Receivable	19,741
Decrease in Prepaids	1,096
Decrease in Accounts Payable	(3,098)
Increase in Accrued Expenses	4,101
Increase in Deferred Revenue	14,306
Net Cash Provided by Operating Activities	21,855
Cash Flows from Investing Activities	
Purchase of Property and Equipment	(1,223)
Net Cash Used In Investing Activities	(1,223)
Net Increase in Cash and Cash Equivalents	85,410
Cash and Cash Equivalents at Beginning of Year	304,485
Cash and Cash Equivalents at End of Year	\$ 389,895

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

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 – Summary of Operations and Significant Accounting Policies

This summary of significant accounting policies of the Community Improvement Corporation of Defiance County, Ohio, (the Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization – The Corporation is incorporated as a corporation, not for profit, under section 1724.01 of the revised code of the State of Ohio. The purpose of the Corporation is to advance, encourage and promote the industrial, economic, commercial, and civic development of Defiance County. The Corporation's basic programs include advertising in industrial development publications, assisting businesses in obtaining incentives to expand or locate in Defiance County and administering incentive programs for taxing authorities and related businesses.

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

Management 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 the reported amounts of assets and liabilities and disclosures on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total in the statement of cash flows as of December 31, 2021:

Cash and Cash Equivalents	\$ 375,589
Cash Restricted for Economic Development	<u>14,306</u>
Total Cash and Restricted Cash	<u>\$ 389,895</u>

Property and Equipment – The Corporation capitalizes all expenditures in excess of \$500 for property and equipment. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewal and improvements are capitalized, while replacements, maintenance and repairs which do not materially extend the useful lives of assets, are expensed. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Display of Net Assets by Class – The accompanying financial statements have been prepared in conformity with the presentation requirements of the Financial Accounting Standards Board for non-profit entities. Accordingly, the net assets of the Corporation are reported in each of the following two classes: (a) net assets without donor restrictions, and (b) net assets with donor restrictions. Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in the net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

Public and Private Support Revenue – The Corporation’s major source of revenue is public and private support revenue comprising payments from Defiance County, the City of Defiance, and various villages and townships within the County and membership support received from businesses and individuals in Defiance County. Other income consists of state grants, administration fees of tax incentive programs, and interest income received from loans receivables.

Contributions – Contributions are recognized when the donor makes a promise to the Corporation that is, in substance, unconditional. Contributions which have no restrictions or donor restrictions expiring in the current year are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When the restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished) the restricted net assets are reclassified to net assets without donor restrictions.

Functional Expenses – The costs of providing the various programs have been summarized on a functional basis in the statements of functional expenses. Expenses are allocated to program services and supporting services – (management and general) on the following basis:

- Management and general expenses are allocated based on management’s estimate of time spent.
- Personnel expenses are allocated on the basis of direct salaries.
- Building and occupancy costs are allocated on a management’s estimate of representative space used for each activity.

Advertising – Advertising costs are charged to expense as incurred.

Federal Income Taxes – The Corporation is exempt from federal income taxes as a non-profit corporation under Section 501(c)(6) of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Fair Value of Financial Instruments – The Corporation’s financial instruments are cash, loans receivable, and accounts payable. The recorded values of cash and accounts payable approximate their fair values based on their short-term nature. The recorded values of loans receivable approximate fair value, as interest approximates market rates.

Note 2 – Liquidity and Availability of Financial Assets

The following reflects the Corporation’s financial assets as of December 31, 2021 reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial Assets, at Year End:		
Cash and Cash Equivalents	\$	389,895
Accounts Receivable - Other		15,009
Loans Receivable - Current Portion		20,151
Less:		
Financial Assets Held for Donor Restrictions		<u>(14,306)</u>
Financial Assets Available to Meet General Expenditures		
Within the Next Year	\$	<u>410,749</u>

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

The Corporation may receive donor-restricted contributions. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Corporation must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2021. As part of the Corporation's liquidity management plan, cash in excess of daily requirements is invested in money market and savings accounts.

Note 3 – Loans Receivable

The Corporation encourages expansion of local businesses by making low interest loans. The loans are secured by inventory, chattel paper, accounts, equipment and general intangibles. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to loans receivable. The allowance for bad debts for the year ended December 31, 2021 was \$ 0.

Terms of the loans are as follows:

	12/31/21	Interest Rate	Monthly Payment	Due Date
Clemens Mobile Welding	\$ 103,031	2.00%	\$ 758.83	Nov-34
B&B Molded Products	14,950	2.00%	893.10	Apr-23
Spyker Contracting	27,817	2.00%	257.40	Nov-31
Total	145,798			
Less: Current Portion	(20,151)			
Long Term Portion	<u>\$ 125,647</u>			

Note 4 – Property and Equipment

Property and equipment activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Dispositions	Balance 12/31/21
<i>Property and Equipment, Being Depreciated:</i>				
Furniture and Fixtures	\$ 24,554	\$ 1,223	\$ 5,955	\$ 19,822
Total, Being Depreciated	<u>24,554</u>	<u>1,223</u>	<u>5,955</u>	<u>19,822</u>
Less: Accumulated Depreciation:				
Furniture and Fixtures	(23,106)	(718)	5,955	(17,869)
Total Accumulated Depreciation	<u>(23,106)</u>	<u>(718)</u>	<u>5,955</u>	<u>(17,869)</u>
Property and Equipment, Being Depreciated, Net	<u>\$ 1,448</u>	<u>\$ 505</u>	<u>\$ -</u>	<u>\$ 1,953</u>

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

Note 5 – Deferred Revenue

Deferred revenue in current liabilities relates to a grant received from Ohio Means Jobs. The Corporation entered into a grant agreement to provide outreach services for Defiance County businesses, business events, business hiring events, etc. through June 30, 2022. Deferred revenue for the year ended December 31, 2021 was \$14,306.

Note 6 – Net Assets

At December 31, 2021, net assets with donor restrictions consists of cash totaling \$0. All net assets without donor restrictions are undesignated as of December 31, 2021. Net assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors were \$81,931 for the year ended December 31, 2021.

The net assets with donor restrictions include funds for economic development and are considered restricted revenue until the donor-stipulated time expires or the purpose of the restriction is accomplished. The net assets with donor restrictions are reclassified to “net assets without donor restrictions” and reported in the statements of activities and changes in net assets as net assets are released from restrictions.

Note 7 – Concentrations of Revenue and Other Risks

The Corporation received approximately 22 percent of its revenue from Defiance County and 22 percent of its revenue from City of Defiance in 2021.

The Corporation maintained cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation limit of \$250,000 at December 31, 2021. The amounts in excess of the limits were \$93,494. Management monitors the soundness of these financial institutions and believes it is not exposed to any significant credit risk related to cash deposits.

Note 8 – Cost Allocations

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that have been allocated are wages, fringes and taxes, rent, training, and telephone which are allocated on the basis of estimates of time and effort; and depreciation, insurance, memberships, office supplies, postage, software, travel and entertainment, which are allocated on usage.

Note 9 – Lease Commitments

Beginning October 21, 2005, the Corporation began leasing office space at 1300 East Second Street, Suite 201 from the Defiance County Commissioners. The lease began January 1, 2016 and ended December 31, 2020. This lease was renewed for the time period of January 1, 2021 through December 31, 2025. Rent is being charged at a rate of \$1,096 per month. Lease expense was \$13,156 for the year ended December 31, 2021.

The Corporation began leasing a copier in May 2019 with a contract scheduled to expire in April 2024. Rental expense was \$2,206 for the year ended December 31, 2021.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

The following is a schedule of future minimum payments required under the above non-cancellable operating leases:

Year Ended December 31,	
2022	\$ 15,629
2023	15,896
2024	14,704
2025	14,246
	<u>\$ 60,475</u>

Note 10 – Retirement Plan

The Corporation maintains a Simple retirement plan for qualified employees. The Corporation contributes 3 percent of the employees' compensation to the plan. Contributions for 2021 were \$5,175.

Note 11 – Presentation

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the matter of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of the ASU and the effects to the financial statements.

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new standard establishes an update presentation and disclosure for the contribution nonfinancial assets (non-cash) within the financial statements. The new standard will be applied retrospective bases. The new standard is effective for fiscal years beginning after June 15, 2021, including interim periods within those fiscal years beginning after June 15, 2022. Management is currently evaluating the impact of the ASU and the effects to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

	Community Improvement Corporation of Defiance County	Defiance County Homegrown Workforce and Business Development Council	Consolidated
<u>ASSETS</u>			
Current assets			
Cash and Cash Equivalents	\$ 435,524	\$ 748	\$ 436,272
Cash Restricted for Economic Development	25,821	29,000	54,821
Accounts Receivable - Trade	2,250	-	2,250
Loans Receivable - Current	13,403	-	13,403
Total Current Assets	476,998	29,748	506,746
Property and Equipment			
Furniture and Fixtures	19,822	-	19,822
Less Accumulated Depreciation	(18,693)	-	(18,693)
Total Property and Equipment - Net	1,129	-	1,129
Other Assets			
Loans Receivable - Net	112,113	-	112,113
Right to Use Assets for Operating Leases	43,949	-	43,949
Total Other Assets	156,062	-	156,062
Total Assets	\$ 634,189	\$ 29,748	\$ 663,937
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Accounts Payable - Trade	\$ 860	\$ -	\$ 860
Current Portion of Operating Lease Liability	15,898	-	15,898
Accrued Expenses	218	-	218
Deferred Revenue	25,821	29,000	54,821
Total Current Liabilities	42,797	29,000	71,797
Long-Term Liabilities			
Operating Lease Liability - Net	28,459	-	28,459
Net Assets			
Net Assets Without Donor Restrictions	562,933	85	563,018
Net Assets With Donor Restrictions	-	663	663
Total Net Assets	562,933	748	563,681
Total Liabilities and Net Assets	\$ 634,189	\$ 29,748	\$ 663,937

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Community Improvement Corporation of Defiance County			Defiance County Homegrown Workforce and Business Development Council			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues								
Public and Private Support	\$ 317,025	\$ 47,998	\$ 365,023	\$ -	\$ -	\$ -	\$ -	\$ 365,023
Grant Revenue	-	35,481	35,481	-	-	-	-	35,481
Administrative Fees	5,139	-	5,139	-	-	-	-	5,139
Donations	-	-	-	100	663	763	(100)	663
Interest Income	3,154	-	3,154	-	-	-	-	3,154
Net Assets Released From Restrictions	83,479	(83,479)	-	-	-	-	-	-
Total Revenues	<u>408,797</u>	<u>-</u>	<u>408,797</u>	<u>100</u>	<u>663</u>	<u>763</u>	<u>(100)</u>	<u>409,460</u>
Expenses								
Economic Development	258,792	-	258,792	-	-	-	-	258,792
Supporting Services: Management and General	121,107	-	121,107	15	-	15	(100)	121,022
Total Expenses	<u>379,899</u>	<u>-</u>	<u>379,899</u>	<u>15</u>	<u>-</u>	<u>15</u>	<u>(100)</u>	<u>379,814</u>
Change in Net Assets	28,898	-	28,898	85	663	748	-	29,646
Net Assets, Beginning of Year	534,035	-	534,035	-	-	-	-	534,035
Net Assets, End of Year	<u>\$ 562,933</u>	<u>\$ -</u>	<u>\$ 562,933</u>	<u>\$ 85</u>	<u>\$ 663</u>	<u>\$ 748</u>	<u>\$ -</u>	<u>\$ 563,681</u>

COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Community Improvement Corporation of Defiance County			Defiance County Homegrown Workforce and Business Development Council			Consolidated			
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total	Eliminations	Program Services	Supporting Services	Total
Consulting	\$ 1,140	\$ -	\$ 1,140	\$ -	\$ -	\$ -	\$ -	\$ 1,140	\$ -	\$ 1,140
Depreciation	412	412	824	-	-	-	-	412	412	824
Development	86,449	-	86,449	-	-	-	-	86,449	-	86,449
Fringe Benefits and Taxes	10,075	13,316	23,391	-	-	-	-	10,075	13,316	23,391
Insurance	1,510	1,510	3,020	-	-	-	-	1,510	1,510	3,020
Lease	3,458	10,373	13,831	-	-	-	-	3,458	10,373	13,831
Legal and Professional	-	11,701	11,701	-	-	-	-	-	11,701	11,701
Memberships	3,218	3,218	6,436	-	-	-	-	3,218	3,218	6,436
Office Supplies	1,431	4,349	5,780	-	15	15	(100)	1,431	4,264	5,695
Postage	242	243	485	-	-	-	-	242	243	485
Promotion and Printing	21,899	-	21,899	-	-	-	-	21,899	-	21,899
Salary	120,460	69,923	190,383	-	-	-	-	120,460	69,923	190,383
Software	2,985	2,985	5,970	-	-	-	-	2,985	2,985	5,970
Staff Training	717	239	956	-	-	-	-	717	239	956
Telephone	2,710	904	3,614	-	-	-	-	2,710	904	3,614
Travel and Entertainment	2,086	1,934	4,020	-	-	-	-	2,086	1,934	4,020
Total	\$ 258,792	\$ 121,107	\$ 379,899	\$ -	\$ 15	\$ 15	\$ (100)	\$ 258,792	\$ 121,022	\$ 379,814

**COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY
DEFIANCE COUNTY
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Community Improvement Corporation of Defiance County	Defiance County Homegrown Workforce and Business Development Council	Consolidated
Change in Net Assets	\$ 28,898	\$ 748	\$ 29,646
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation	824	-	824
(Increase) in Accounts Receivable - Trade	(2,250)	-	(2,250)
Decrease in Accounts Receivable - Other	15,009	-	15,009
Proceeds from Loans Receivable	20,282	-	20,282
(Increase) in Right to Use Assets for Operating Leases	(43,949)	-	(43,949)
Increase In Accounts Payable	860	-	860
Decrease in Accrued Expenses	(4,096)	-	(4,096)
Increase in Deferred Revenue	11,515	29,000	40,515
Increase in Operating Lease Liability	44,357	-	44,357
Net Cash Provided by Operating Activities	<u>42,552</u>	<u>29,000</u>	<u>71,552</u>
Net Increase in Cash and Cash Equivalents	71,450	29,748	101,198
Cash and Cash Equivalents at Beginning of Year	<u>389,895</u>	<u>-</u>	<u>389,895</u>
Cash and Cash Equivalents at End of Year	<u>\$ 461,345</u>	<u>\$ 29,748</u>	<u>\$ 491,093</u>

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Community Improvement Corporation of Defiance County, Defiance County, Ohio (the Corporation) (a not-for-profit-corporation) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated October 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 6, 2023



Defiance County Economic Development
1300 East Second Street, Suite 201
Defiance, Ohio 43512
www.defiancecountyed.com

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	This finding was first reported in 2016. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Corrective action taken and finding is fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF DEFIANCE COUNTY

DEFIANCE 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 10/24/2023

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