



OHIO AUDITOR OF STATE
KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF SHELBY, OHIO
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Financial Position - Modified Cash Basis December 31, 2022 and 2021	5
Statement of Activities – Modified Cash Basis For the Years Ended December 31, 2022 and 2021	6
Notes to the Basic Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Shelby, Ohio
Richland County
43 W. Main Street
Shelby, Ohio 44875

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Improvement Corporation of Shelby, Ohio, Richland County, (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 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 respective modified cash financial position of the Corporation, as of December 31, 2022 and 2021, and the respective changes in modified cash financial position for the years then ended in accordance with the accounting basis described in Note 1.

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.

Emphasis of Matter - Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with the modified cash accounting basis described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 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).

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 opinions. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, 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 10, 2024

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Community Improvement Corporation of Shelby, Ohio
Richland County
Statement of Financial Position - Modified Cash Basis
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 909,126.52	\$ 897,339.58
<u>Property and Equipment</u>		
None	-	-
<u>Other Assets</u>		
Construction in Progress	<u>10,169.92</u>	<u>10,169.92</u>
Total other assets	<u>10,169.92</u>	<u>10,169.92</u>
Total assets	<u>\$ 919,296.44</u>	<u>\$ 907,509.50</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
None	\$ -	\$ -
<u>Net Assets</u>		
Without Donor Restrictions	78,924.70	98,784.44
With Donor Restrictions	<u>840,371.74</u>	<u>808,725.06</u>
Total net assets	<u>919,296.44</u>	<u>907,509.50</u>
Total liabilities and net assets	<u>\$ 919,296.44</u>	<u>\$ 907,509.50</u>

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

Community Improvement Corporation of Shelby, Ohio
Richland County
Statement of Activities - Modified Cash Basis
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Public Support and Revenue</u>		
Contributions	\$ 196,268.47	\$ 727,121.35
Program Income	5,139.00	5,075.00
Interest Income	607.06	193.19
Christmas Ornament Sales	526.20	-
Less Cost of Goods Sold	<u>(115.00)</u>	<u>-</u>
Net Sales	411.20	-
Total Public Support and Revenue	202,425.73	732,389.54
<u>Operating Expenses</u>		
Advertising	1,089.76	2,038.96
Banner Expense	9,073.20	750.45
Registration Fees	251.12	-
Professional Fees	1,875.00	167.00
Project Expense	155,204.81	213,243.94
Donations	1,535.00	1,033.00
Entertainment	10,900.00	5,225.00
Real Estate Tax	667.48	-
Facilities and Equipment Rent	2,651.36	2,095.36
Office Expense	70.00	1,912.40
Program Supplies	1,516.96	7,408.69
Insurance	5,524.10	4,526.45
Trash Removal	<u>280.00</u>	<u>290.00</u>
Total operating expenses	<u>190,638.79</u>	<u>238,691.25</u>
Increase (Decrease) in Net Assets	11,786.94	493,698.29
Net Assets, Beginning of Year	<u>907,509.50</u>	<u>413,811.21</u>
Net Assets, End of Year	<u>\$ 919,296.44</u>	<u>\$ 907,509.50</u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF SHELBY, OHIO
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Nature of Activities and Summary of Significant Accounting Policies

A. Description of the Entity

The Shelby Community Improvement Corporation (the Corporation) was incorporated on August 30, 1991. The Corporation is a nonprofit entity which was formed for the purpose of providing an inclusive public-private community partnership invested in growth for Shelby, Ohio. The Board of Trustees is made up of local business owners, community members, and city appointees. The Corporation also serves as the parent organization of Shelby Bicycle Days, a community festival focused on bringing families together in downtown Shelby.

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

B. Accounting Basis

The financial statements of the Corporation have been prepared on the modified cash basis of accounting. Accordingly, the financial statements do not reflect unrealized pledges receivable and other revenue earned but not yet collected and expenditures incurred but not yet paid.

C. Net Asset Classifications

Net Assets without Donor Restrictions:

Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions:

Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature such as those that will be met with the passage of time or other events specified by the donor. 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.

D. Cash and Cash Equivalents

For purposes of the Statement of Financial Position – modified cash basis, all cash in checking accounts is considered to be cash and cash equivalents.

E. Use of Estimates

The Corporation used estimates and assumptions in the preparation of the financial statements. Those estimates and assumptions affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

**COMMUNITY IMPROVEMENT CORPORATION OF SHELBY, OHIO
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

F. Property and Depreciation

Acquisitions of property in excess of \$500 are capitalized. Land, buildings, and improvements are carried at cost. Depreciation is computed using the straight-line method over a useful life of 40 years for buildings years for improvements. The Corporation had no depreciable property during 2022 and 2021.

G. Tax Exempt Status

The Corporation is a not-for-profit organization that is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and Chapters 1702 and 1724 of the Ohio Revised Code.

H. Functional Expenses

All expenses listed on the statements of activities are identifiable with the Corporation's economic development program.

2. Deposits

The Corporation's carrying amount of deposits at December 31 was as follows:

	2022	2021
Demand deposits	<u>\$909,127</u>	<u>\$897,340</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Construction in Progress

At December 31, 2022 and 2021, there is construction in progress of \$10,169.92 reported on the statement of financial position – modified cash basis. This includes the cost of a building purchased in 2021 to be improved in future years which is not currently in service.

4. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

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

(Continued)

**COMMUNITY IMPROVEMENT CORPORATION OF SHELBY, OHIO
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. Liquidity & Availability

The following represents the Corporation's financial assets at December 31, 2022 and 2021 which are available for general expenditures within one year in the normal course of operations:

Financial Assets at year end:	<u>2022</u>	<u>2021</u>
Cash and Cash equivalents	\$ 909,127	\$ 897,340

6. Subsequent Events

Subsequent events have been evaluated through the date of the opinion.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Community Improvement Corporation of Shelby, Ohio
Richland County
43 W. Main Street
Shelby, Ohio 44875

To the Board of Trustees:

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 Shelby, Ohio, Richland County, (the 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 financial statements and have issued our report thereon dated October 10, 2024.

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 opinion 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The 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 10, 2024

COMMUNITY IMPROVEMENT CORPORATION OF SHELBY, OHIO
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2022-001

Material Noncompliance
GAAP Reporting

Ohio Rev. Code § 1724.05 provides, in part, that the Corporation shall prepare an annual financial report according to generally accepted accounting principles (GAAP) and shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year.

The Corporation prepared financial statements that, although formatted similar to financial statements prescribed by the Financial Accounting Standards Board, the report was based on the modified cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain information that, while presumed material, cannot be determined at this time i.e., unrealized pledges receivable and other revenue earned but not yet collected and expenditures incurred but not yet paid.

Failure to report on a GAAP basis compromises the Corporation's ability to evaluate and monitor the overall financial condition of the Corporation.

To help provide the users with more meaningful financial statements, the Corporation should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: We did not receive a response from officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF SHELBY, OHIO

RICHLAND 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 11/7/2024

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