

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.**

**FINANCIAL STATEMENTS**

*Years Ended December 31, 2001 and 2000*





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
The Community Improvement Corporation of Henry County, Ohio Inc.

We have reviewed the Independent Auditor's Report of The Community Improvement Corporation of Henry County, Ohio Inc., Henry County, prepared by Steyer & Co. for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Improvement Corporation of Henry County, Ohio Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

May 16, 2002

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## CONTENTS

|   | <b>PAGE</b> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT  | 1           |
| FINANCIAL STATEMENTS  |             |
| Statements of Financial Position  | 2           |
| Statements of Activities  | 3           |
| Statements of Cash Flows  | 4           |
| Notes to Financial Statements   | 5           |
| REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER<br>FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL<br>STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT<br/>AUDITING STANDARDS</i> | 8           |

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# STEYER & CO.

*Certified Public Accountants*

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## Independent Auditor's Report

To the Board of Trustees of  
The Community Improvement Corporation of Henry County, Ohio, Inc.  
Napoleon, Ohio

We have audited the accompanying statement of financial position of The Community Improvement Corporation of Henry County, Ohio, Inc. (a nonprofit organization) as of December 31, 2001, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2000, before the restatement described in Note 6, were audited by other auditors, whose report dated January 25, 2001, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Improvement Corporation of Henry County, Ohio, Inc. as of December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2002, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



STEYER & CO.

Defiance, Ohio  
April 24, 2002

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
STATEMENTS OF FINANCIAL POSITION**  
December 31, 2001 and 2000

|  | <b>2001</b>       | Restated<br><b>2000</b> |
|--|-------------------|-------------------------|
| <b>ASSETS</b>                              |                   |                         |
| <b>CURRENT ASSETS</b>                      |                   |                         |
| Cash (Note 2)                              | \$ 335,444        | \$ 258,598              |
| Accounts receivable                        | 21,492            | 300                     |
| Interest receivable                        | -                 | 1,039                   |
| Notes receivable (Note 3)                  | 70,725            | 40,925                  |
| Total current assets                       | <b>427,661</b>    | 300,862                 |
| <b>PROPERTY AND EQUIPMENT</b>              |                   |                         |
| Building                                   | -                 | 734,818                 |
| Furniture and fixtures                     | 22,196            | 20,529                  |
|  | <b>22,196</b>     | 755,347                 |
| Less accumulated depreciation              | 15,750            | 25,134                  |
| Net property and equipment                 | <b>6,446</b>      | 730,213                 |
| <b>TOTAL ASSETS</b>                        | <b>\$ 434,107</b> | \$ 1,031,075            |
| <b>LIABILITIES AND NET ASSETS</b>          |                   |                         |
| <b>CURRENT LIABILITIES</b>                 |                   |                         |
| Current portion of long term debt (Note 4) | \$ -              | \$ 12,261               |
| Total current liabilities                  | -                 | 12,261                  |
| <b>LONG TERM DEBT (NOTE 4)</b>             | -                 | 721,502                 |
| <b>TOTAL LIABILITIES</b>                   | -                 | 733,763                 |
| <b>NET ASSETS</b>                          |                   |                         |
| Unrestricted                               | 176,587           | 139,584                 |
| Temporarily restricted                     | 257,520           | 157,728                 |
| Total net assets                           | <b>434,107</b>    | 297,312                 |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>    | <b>\$ 434,107</b> | \$ 1,031,075            |

*The accompanying notes are an integral part of these financial statements.*



**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2001 and 2000

|  | <b>2001</b>       | Restated<br>2000 |
|--|-------------------|------------------|
| <b>UNRESTRICTED NET ASSETS</b>                   |                   |                  |
| Revenues   |                   |                  |
| Contributions from participating governmental un | \$ 29,000         | \$ 29,000        |
| In-kind contributions (Note 1)                   | 54,160            | 53,240           |
| Memberships                                      | 15,650            | 14,935           |
| Interest   | 65,714            | 5,497            |
| Rent   | 12,842            | 47,960           |
| Administrative fees                              | 35,948            | 16,888           |
| Program fees                                     | 16,052            | 14,463           |
| Total unrestricted revenue                       | <b>229,366</b>    | 181,983          |
| Net assets released from restrictions            | -                 | 107,909          |
|  | <b>229,366</b>    | 289,892          |
| Expenses   |                   |                  |
| Advertising                                      | 8,399             | 5,317            |
| Conferences and seminars                         | 5,515             | 1,980            |
| Contract services                                | -                 | 225              |
| Depreciation                                     | 20,447            | 15,538           |
| Donations  | 500               | -                |
| Dues and subscriptions                           | 600               | 2,111            |
| Economic incentives                              | -                 | 50,820           |
| (Gain) loss on sale of property and equipment    | (16,321)          | 126              |
| Incentive plan                                   | 11,437            | 12,028           |
| Infrastructure projects                          | -                 | 41,089           |
| Insurance  | 1,912             | 1,859            |
| Interest   | 59,983            | 42,761           |
| Legal and accounting                             | 3,963             | 2,975            |
| Miscellaneous                                    | 1,692             | 5,903            |
| Office   | 3,432             | 1,681            |
| Postage  | 19                | 1,633            |
| Rent - equipment                                 | 4,481             | 1,487            |
| Rent - office                                    | 5,200             | 4,800            |
| Telephone  | 464               | 1,246            |
| Travel   | 6,798             | 722              |
| Wages  | 73,842            | 66,608           |
| Total expenses                                   | <b>192,363</b>    | 260,909          |
| Increase in unrestricted net assets              | <b>37,003</b>     | 28,983           |
| <b>TEMPORARILY RESTRICTED NET ASSETS</b>         |                   |                  |
| Revenues   |                   |                  |
| Contributions from participating governmental un | -                 | 50,000           |
| Infrastructure funds                             | 106,677           | 58,578           |
| Interest   | 9,115             | 8,805            |
| Net assets released from restrictions            | -                 | (107,909)        |
| Total temporarily restricted revenue             | <b>115,792</b>    | 9,474            |
| Expenses   |                   |                  |
| Infrastructure projects                          | 16,000            | -                |
| Total expenses                                   | <b>16,000</b>     | -                |
| Increase in temporarily restricted net assets    | <b>99,792</b>     | 9,474            |
| <b>CHANGE IN NET ASSETS</b>                      | <b>136,795</b>    | 38,457           |
| <b>NET ASSETS, BEGINNING OF YEAR</b>             | <b>297,312</b>    | 258,855          |
| <b>NET ASSETS, END OF YEAR</b>                   | <b>\$ 434,107</b> | \$ 297,312       |

*The accompanying notes are an integral part of these financial statements.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2001 and 2000

|   | <b>2001</b>       | Restated<br><b>2000</b> |
|---|-------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                         |
| Change in net assets  | <b>\$ 136,795</b> | \$ 38,457               |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities |                   |                         |
| Depreciation  | <b>20,447</b>     | 15,538                  |
| (Gain) loss on sale of property and equipment   | <b>(16,321)</b>   | 126                     |
| (Increase) decrease in operating assets   |                   |                         |
| Accounts receivable   | <b>(21,192)</b>   | 3,538                   |
| Interest receivable   | <b>1,039</b>      | (123)                   |
| Notes receivable  | <b>(29,800)</b>   | (16,000)                |
| Net cash provided by operating activities   | <b>90,968</b>     | 41,536                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                         |
| Acquisition of furniture and fixtures   | <b>(1,666)</b>    | (2,833)                 |
| Proceeds from sale of property and equipment  | <b>721,307</b>    | -                       |
| Net cash provided by (used in) investing activities   | <b>719,641</b>    | (2,833)                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                         |
| Repayments of long term debt  | <b>(733,763)</b>  | (1,055)                 |
| Net cash used in financing activities   | <b>(733,763)</b>  | (1,055)                 |
| <b>NET INCREASE IN CASH</b>   | <b>76,846</b>     | 37,648                  |
| <b>CASH AT BEGINNING OF YEAR</b>  | <b>258,598</b>    | 220,950                 |
| <b>CASH AT END OF YEAR</b>  | <b>\$ 335,444</b> | \$ 258,598              |
| <b>SUPPLEMENTAL INFORMATION</b>   |                   |                         |
| Cash paid during the year for:  |                   |                         |
| Interest  | <b>\$ 59,983</b>  | \$ 42,761               |
| Non-cash investing and financing activities:  |                   |                         |
| Acquisition of building through issuance of<br>notes payable                                  | -                 | 734,818                 |

*The accompanying notes are an integral part of these financial statements.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** – The Community Improvement Corporation of Henry County, Ohio, Inc. is a nonprofit corporation chartered under applicable laws of the State of Ohio. No individuals or corporations hold any equity interest therein. The purpose of the Organization is to promote economic development in Henry County, Ohio. The Organization's basic programs include advertising in industrial development publications, assisting businesses in obtaining incentives to expand or locate in Henry County, Ohio, and administering incentive programs for taxing authorities and related businesses.

**BASIS OF ACCOUNTING** – The Organization adopted the accrual basis of accounting in 2000. Previously, the cash basis of accounting was used. Management believes that the accrual method better matches revenues and expenses in the statement of activity. The cumulative effect of this change was an increase to beginning net assets of \$4,753.

**BASIS OF PRESENTATION** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

**CONTRIBUTIONS** - The Organization also follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**CONTRIBUTED SERVICES AND FACILITIES** – In-kind contributions are recorded as revenue and expenses in the accompanying statement of activities. In-kind contributions consist of wages being partially paid by Henry County, Ohio and the use of office facilities. The estimated fair values of the wages and office facilities are \$48,960 and \$5,200, respectively.

**CREDIT RISK** – The Organization maintains its cash balances in several financial institutions in Northwest Ohio. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2001, the Organization's uninsured cash balances total \$127,508.

**PROPERTY AND EQUIPMENT** – Property and equipment are stated at cost. Depreciation for financial reporting and for federal tax reporting is computed using the straight-line method. The Organization capitalizes all acquisitions in excess of \$500.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**MANAGEMENT ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000**

**INCOME TAX STATUS** - The Organization is a not-for-profit organization that the Internal Revenue Service has determined to be exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Organization is classified as other than a private foundation.

**EXPENSE ALLOCATION** - Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**RESTRICTED AND UNRESTRICTED REVENUE** – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the Organization.

The Board of Trustees has discretionary control of the unrestricted net assets to use in the activities of the Organization.

**NOTE 2 – CASH**

Cash consists of the following:

|                         | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Total</b>      |
|-------------------------|---------------------|-----------------------------------|-------------------|
| Petty cash              | \$ 58               | \$ -                              | \$ 58             |
| Checking                | 53,729              | -                                 | 53,729            |
| Savings                 | 43,681              | 77,807                            | 121,488           |
| Certificates of deposit | <u>67,136</u>       | <u>93,033</u>                     | <u>160,169</u>    |
|                         | <u>\$ 164,604</u>   | <u>\$ 170,840</u>                 | <u>\$ 335,444</u> |

**NOTE 3 – NOTES RECEIVABLE**

Notes receivable consist of the following:

|   | <u>2001</u>      | <u>2000</u>      |
|---|------------------|------------------|
| Note receivable from The Heller-Aller Company, dated April 15, 1999, due in 36 months, interest at 6% on the unpaid balance. Unsecured. | \$ 24,925        | \$ 24,925        |
| Note receivable from Harrison Township, dated December 14, 2000, due in 60 months, interest at 0% on the unpaid balance. Unsecured.     | 12,800           | 16,000           |
| Note receivable from Rettig Pallets, dated August 23, 2001, due in 60 months, interest at 0% on the unpaid balance. Unsecured.          | 20,000           | -                |
| Note receivable from B&B Molded Products, dated November 27, 2001, due in 36 months, interest at 1% on the unpaid balance. Unsecured.   | <u>13,000</u>    | <u>-</u>         |
|   | <u>\$ 70,725</u> | <u>\$ 40,925</u> |

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000**

**NOTE 4 – LONG TERM DEBT**

Long term debt consists of the following:

|   | <b>2001</b> | <b>2000</b> |
|---|-------------|-------------|
| Note payable to The Henry County Bank, due in November 2020. Payable in monthly installments of \$7,094, including interest at a variable rate. Secured by real estate. | \$ -        | \$ 733,763  |
| Long term debt due within one year  | -           | 12,261      |
| Long term debt due after one year   | \$ -        | \$ 721,502  |

**NOTE 5 – OPERATING LEASES**

The Organization leases a phone system under a noncancelable operating lease. Minimum future rental commitments at December 31, 2001, under the lease are as follows:

|             |          |  |
|-------------|----------|--|
| Year Ending |          |  |
| December 31 |          |  |
| 2002        | \$ 2,016 |  |
| 2003        | 1,512    |  |
|             | \$ 3,528 |  |

**NOTE 6 – RESTATED FINANCIAL STATEMENTS**

The financial statements for the year ended December 31, 2000 were restated to reclassify a note receivable due from Harrison Township in the amount of \$16,000 which had previously been incorrectly expensed as part of unrestricted infrastructure projects expense. This restatement impacted the statement of financial position, statement of activities and statement of cash flows.

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# STEYER & CO.

*Certified Public Accountants*

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## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
The Community Improvement Corporation of Henry County, Ohio, Inc.

We have audited the financial statements of The Community Improvement Corporation of Henry County, Ohio, Inc. (a nonprofit organization) as of December 31, 2001, and have issued our report thereon dated April 24, 2002. We conducted our audit in accordance with 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.

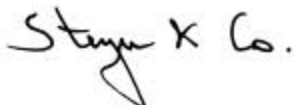
### Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of The Community Improvement Corporation of Henry County, Ohio, Inc. in a separate letter dated April 24, 2002.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be used and should not be used by anyone other than these specified parties.



STEYER & CO.

April 24, 2002







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY**

**HENRY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 30, 2002**