







**Auditor of State  
Betty Montgomery**

Board of Directors  
Piqua Improvement Corporation  
Street Piqua, Ohio

We have reviewed the Independent Auditor's Report of the Piqua Improvement Corporation, Miami County, prepared by Ellen S. Fodge, CPA, 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 Piqua Improvement Corporation is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

March 4, 2004

**This Page is Intentionally Left Blank.**

**Ellen S. Fodge, CPA**  
356 Claranna Ave.  
Dayton, OH 45419  
(937) 299-3816

The Board of Directors and Mr. Fred Hollister  
Piqua Improvement Corporation  
Piqua, Ohio

I have audited the accompanying statement of financial position of the Piqua Improvement Corporation, (a non-profit organization) as of December 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards of the USA. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and net assets of the Piqua Improvement Corporation as of December 31, 2001 and the results of its revenue, support and expenses and cash flows for the year ended, in conformity with generally accepted accounting principles of the USA.

The supplementary information is not a required part of the basic financial statements. However, this information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in my opinion, fairly states in all material respects the financial data required to be set forth in relation to the basic financial statements taken as a whole



Ellen S. Fodge, CPA  
October 7, 2002

**PIQUA IMPROVEMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2001

**ASSETS**

**Current assets:**

Cash		\$80,624
Pledges receivable	43,500	
Less: allowance for doubtful pledges	<u>31,150</u>	
Net pledges receivable		12,350
Prepaid expenses		<u>3,561</u>
Total current assets		<u>96,535</u>

**Property and equipment:**

Buildings	200,325	
Office equipment	<u>30,426</u>	
	230,751	
Less: accumulated depreciation	<u>53,095</u>	
Net property and equipment		<u>177,656</u>

TOTAL ASSETS \$274,191

**Current liabilities:**

Accounts payable 1,273

Net assets - unrestricted 272,918

TOTAL LIABILITIES AND NET ASSETS \$274,191

**PIQUA IMPROVEMENT CORPORATION**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
For the year ended December 31, 2001

<b>REVENUES AND SUPPORT:</b>	<u>Unrestricted</u>
Grants	\$49,044
Pledges	68,450
Rent income	9,975
Interest	401
Miscellaneous	150
Total revenues and support	<u>128,020</u>
 <b>EXPENSES AND LOSSES:</b>	
General and administrative expenses	81,826
Program expenses	44,748
Total expenses	<u>126,574</u>
Change in net assets	1,446
Net assets at beginning of year	<u>271,472</u>
Net assets at end of year	<u><u>\$272,918</u></u>

See accountant's audit report and accompanying notes.

**PIQUA IMPROVEMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2001

<b>Cash flows provided by operating activities:</b>	
Change in net assets	\$1,446
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,198
(Increase) decrease in assets:	
Accounts receivable	2,420
Grants receivable	18,412
Pledges receivable	(12,350)
Prepaid expenses	2,681
Increase (decrease) in liabilities:	
Accounts payable	(957)
Advances	(18,755)
Adjustment for changes to beginning cash between company and audited financials 12/31/00	1,492
Net cash provided by operating activities	<u>2,587</u>
 <b>Cash flows provided by investment activities:</b>	
Disposal of office equipment	9,071
Non-cash disposal of office equipment	(9,071)
Net cash provided by investment activities	<u>0</u>
 <b>Cash flows provided by financing activities</b>	
	<u>0</u>
Net increase in cash	2,587
Cash, beginning of the year	<u>78,037</u>
Cash, end of the year	<u><u>\$80,624</u></u>

See accountant's audit report and accompanying notes.



## **Piqua Improvement Corporation**

### **Notes to the Financial Statements December 31, 2001**

#### NOTE 1 – ORGANIZATION

Piqua Improvement Corporation is a community improvement corporation, tax exempt under Section 501c(6) of the Internal Revenue Code. Its purpose is to promote the City of Piqua as a vital place for employers to locate their businesses, to suggest uses and develop interest in existing properties and to expand economic development within the Piqua area.

During May, 2001, the organization changed its structure as follows:

- The Executive director position was dissolved and the function replaced by the City Director of Economic Development as part of his job responsibilities.
- Supporting staff was removed and clerical duties performed by city employees. There are no longer any employees of the organization.
- The City of Piqua no longer provides funding to the Corporation, revenues will be primarily derived from pledges by local businesses and organizations.
- The office facilities of the Piqua Improvement Corporation were relocated to the city building within the office of the Director of Economic Development.

#### NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

##### Basis of Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the USA, which recognizes revenues and support when pledged or promised and expenses when incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

**Unrestricted net assets** – net assets that are not subject to donor-imposed stipulations and are available for general purposes.

### Property, Equipment and Depreciation

Property and equipment is stated at cost. Major expenditures and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are charged to expense when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in revenue. Donated property is capitalized at a value nearest to estimated fair value at date of receipt.

The costs of property, equipment and building are depreciated over their estimated useful lives. The following guideline years have been used in computing Depreciation:

Buildings	39 years
Office Equipment	7 years

Depreciation is computed on the straight-line basis for financial reporting purposes.

Depreciation expense for 2001 was \$8,198. Due to a change in office location, several pieces of office equipment were disposed in 2001 at a loss of \$1,070. Their associated costs and accumulated depreciation were removed from the financial statements.

### Cash Equivalents

For the purpose of the statements of cash flows, the Corporation classifies as cash and cash equivalents as cash on deposit in banks.

### Use of Estimates

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

### NOTE 3 – ALLOWANCE FOR DOUBTFUL PLEDGES

As required by generally accepted accounting principles of the USA, an allowance for doubtful or uncollectible pledges was established at a percentage of pledges receivable determined by the current director. Pledges were "invoices" sent out to local employers based on their number of employees without other qualification. Therefore the estimated uncollectible percentage was high at 72%. Collections during 2002 confirmed this percentage to be reasonable.

#### NOTE 4 – PREPAID EXPENSES

Prepaid expenses consist primarily of an insurance premium payment for the hotel for the amount of \$18,200 less a reimbursement from the City of Piqua of \$9,100. This is expensed monthly until it becomes due again in August, 2003.

#### NOTE 5 - ADVANCE

Confirmation of the City grant receivable determined that an advance of \$18,755 operating capital was reimbursed to the City of Piqua during 2001. The City of Piqua treated a number of 2001 expenses incurred by the Piqua Improvement Corporation as a reduction in full of this advance thus satisfying repayment. It has been removed from the Corporation's financial statements.

#### NOTE 6 - LEASE

In 2001, the Corporation conducted its operations from facilities that were leased on a month-to-month basis. Rent expense for the amount of \$1,500 was paid by the Piqua Improvement Corporation. In November, the Corporation moved its facilities to the City government building and was no longer subject to a lease.

#### NOTE 7 - INCOME TAX

The Corporation is a not-for-profit organization and is exempt from federal income taxes under Code section 501(c)6.

#### NOTE 8 - RETIREMENT PLAN

During the first five months of 2001, as required by the Executive Director's employment agreement, the Corporation participated in a defined contribution retirement plan administered by a national group. Under the plan, Piqua Improvement Corporation remitted to the fund an amount which was a percentage of the participant's salary. The total pension expense in 2001 was \$2,769.

#### NOTE 9 – UNRESTRICTED – BOARD DESIGNATED NET ASSETS

Unrestricted net assets which are board designated at December 31, 2001 represent pledge income received from donors other than the City of Piqua. These funds are designated by the board for use in covering the cost of the quarterly newsletter, specific marketing campaigns and other program expense as specified by the board.

**SUPPLEMENTARY INFORMATION**

**PIQUA IMPROVEMENT CORPORATION  
EXPENSES AND LOSSES**

For the year ended December 31, 2001

**GENERAL AND ADMINISTRATIVE EXPENSES:**

Salaries	\$10,602
Uncollectible pledges	31,150
Depreciation	8,198
Professional fees	5,965
Insurance	5,523
Postage	3,518
Retirement	2,769
Dues	4,614
Maintenance and repairs	2,180
Taxes - F.I.C.A.	1,622
- unemployment	82
Rent	1,500
Office supplies and expenses	1,476
Telephone	561
Loss on disposal of office equipment	1,070
Meetings and seminars	996
	<hr/>
Total general and administrative expenses	81,826

**PROGRAM EXPENSES:**

Executive director salary dedicated to program	10,602
Hotel expenses	18,302
Dues	4,614
Advertising and marketing	4,725
Miscellaneous	3,012
Printing	2,050
Newsletters	882
Telephone	561
	<hr/>
Total program expenses	\$44,748

See accountant's audit report and accompanying notes.

**This Page is Intentionally Left Blank.**



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**PIQUA IMPROVEMENT CORPORATION**

**MIAMI 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  
MARCH 18, 2004**