



OHIO AUDITOR OF STATE  
**KEITH FABER**





**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY  
HENRY COUNTY  
DECEMBER 31, 2018 AND 2017**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation  
of Henry County  
Henry County  
104 East Washington Street, Suite 301  
Napoleon, Ohio 43545

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2018, 2017 and 2016, the related statements of activities, and cash flows for the years then ended, the statement of functional expenses for the years ended December 31, 2018 and 2017, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**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, Henry County, Ohio as of December 31, 2018, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the 2018 financial statements, during fiscal year 2018, the Corporation adopted new accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2019, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 24, 2019

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2018 and 2017**

**ASSETS**

<b><u>CURRENT ASSETS</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash & Cash Equivalents	\$ 210,010	\$ 213,657
Accounts Receivable-Net	3,930	5,000
Prepaid Expenses	1,000	1,000
Total Current Assets	<u>214,940</u>	<u>219,657</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Furniture & Fixtures	12,834	12,834
Less Accumulated Depreciation	<u>(11,096)</u>	<u>(10,386)</u>
Net Property And Equipment	1,738	2,448
<b><u>OTHER ASSETS</u></b>		
Cash Restricted For Economic Development	<u>138,687</u>	<u>154,705</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 355,365</u></b>	<b><u>\$ 376,810</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accrued Vacation	\$ <u>3,858</u>	\$ <u>5,558</u>
<b><u>NET ASSETS</u></b>		
Net Assets Without Donor Restrictions	212,820	216,547
Net Assets With Donor Restrictions	<u>138,687</u>	<u>154,705</u>
Total Net Assets	<u>351,507</u>	<u>371,252</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 355,365</u></b>	<b><u>\$ 376,810</u></b>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF ACTIVITIES  
For The Year Ended December 31, 2018**

<u>Revenue</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public And Private Support	\$ 168,384	\$ 8,365	\$ 176,749
Administrative Fees	1,816	-	1,816
Interest Income	41	44	85
Net Assets Released From Restrictions	24,427	(24,427)	-
Total Revenue	<u>194,668</u>	<u>(16,018)</u>	<u>178,650</u>
<u>Expenses</u>			
Economic Development	133,340	-	133,340
Supporting Services:			
Management And General	65,055	-	65,055
Total Expenses	<u>198,395</u>	<u>-</u>	<u>198,395</u>
 Change In Net Assets	 (3,727)	 (16,018)	 (19,745)
 Net Assets, Beginning Of Year	 <u>216,547</u>	 <u>154,705</u>	 <u>371,252</u>
 Net Assets, End Of Year	 <u><u>\$ 212,820</u></u>	 <u><u>\$ 138,687</u></u>	 <u><u>\$ 351,507</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF ACTIVITIES  
For The Year Ended December 31, 2017**

<u>Revenue</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public And Private Support	\$ 162,408	\$ 38,641	\$ 201,049
Administrative Fees	5,454	-	5,454
Interest Income	41	53	94
Net Assets Released From Restrictions	80,792	(80,792)	-
Total Revenue	<u>248,695</u>	<u>(42,098)</u>	<u>206,597</u>
<u>Expenses</u>			
Economic Development	186,925	-	186,925
Supporting Services:			
Management And General	61,617	-	61,617
Total Expenses	<u>248,542</u>	<u>-</u>	<u>248,542</u>
 Change In Net Assets	 153	 (42,098)	 (41,945)
 Net Assets, Beginning Of Year	 <u>216,394</u>	 <u>196,803</u>	 <u>413,197</u>
 Net Assets, End Of Year	 <u><u>\$ 216,547</u></u>	 <u><u>\$ 154,705</u></u>	 <u><u>\$ 371,252</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF FUNCTIONAL EXPENSES  
For The Years Ended December 31, 2018 and 2017**

	<b>2018</b>		
	Economic Development	Supporting Services	Total Expenses
Advertising	\$ 1,592	\$ 4,776	\$ 6,368
Community Involvement/Projects	20	-	20
Conferences And Seminars	-	3,232	3,232
Depreciation	355	355	710
Dues & Subscriptions	3,158	-	3,158
Infrastructure Projects	20,000	-	20,000
Insurance	-	3,061	3,061
Legal And Accounting	837	2,509	3,346
Office Supplies	1,408	3,285	4,693
Rent	3,100	3,100	6,200
Telephone	95	94	189
Travel And Entertainment	662	1,546	2,208
Wages And Benefits	100,559	43,097	143,656
Workforce Development	1,554	-	1,554
<b>Total</b>	<b>\$ 133,340</b>	<b>\$ 65,055</b>	<b>\$ 198,395</b>

	<b>2017</b>		
	Economic Development	Supporting Services	Total Expenses
Advertising	\$ 1,278	\$ 3,835	\$ 5,113
Bad Debts	386	-	386
Conferences And Seminars	-	2,926	2,926
Depreciation	439	439	878
Dues & Subscriptions	2,350	-	2,350
Infrastructure Projects	71,587	-	71,587
Insurance	-	3,062	3,062
Legal And Accounting	8,544	2,136	10,680
Miscellaneous	-	6	6
Office Supplies	1,685	2,527	4,212
Rent	3,100	3,100	6,200
Telephone	311	311	622
Travel And Entertainment	256	2,304	2,560
Wages And Benefits	95,600	40,971	136,571
Workforce Development	1,389	-	1,389
<b>Total</b>	<b>\$ 186,925</b>	<b>\$ 61,617</b>	<b>\$ 248,542</b>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2018 and 2017**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Change In Net Assets	\$ (19,745)	\$ (41,945)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN / (PROVIDED BY) OPERATING ACTIVITIES:</b>		
Depreciation	710	878
Decrease (Increase) In Accounts Receivable	1,070	(5,000)
(Increase) In Prepaid Expenses	-	(1,000)
(Decrease) Increase In Accrued Vacation	<u>(1,700)</u>	<u>2,957</u>
Net Cash Used In Operating Activities	<u>(19,665)</u>	<u>(44,110)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds From Notes Receivable	-	4,386
Purchase of Equipment	<u>-</u>	<u>(611)</u>
Net Cash Provided By Investing Activities	<u>-</u>	<u>3,775</u>
<b><u>NET DECREASE IN CASH</u></b>	<u>(19,665)</u>	<u>(40,335)</u>
<b><u>CASH AT BEGINNING OF YEAR</u></b>	<u>368,362</u>	<u>408,697</u>
<b><u>CASH AT END OF YEAR</u></b>	<u>\$ 348,697</u>	<u>\$ 368,362</u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

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

**Nature Of Activities** – The Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation) 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 Corporation is to promote economic development in Henry County, Ohio. The Corporation’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 financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis Of Presentation** – The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation’s management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**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.

**Accounts Receivable** – Accounts receivable are stated at the amount management expects to collect from outstanding balances. 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 accounts receivable. The allowance for bad debts for the years ended December 31, 2018 and 2017 is \$ 0.

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 over the asset’s estimated useful life. The Corporation capitalizes all acquisitions in excess of \$500.

**Contributions** – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Contributed Services and Facilities** – In-kind contributions are recorded as revenue and expenses in the accompanying statements of functional expenses. In-kind contributions consist of wages being partially paid by Henry County, Ohio, use of office facilities, and some advertising. The estimated fair value of the wages, office facilities, and advertising was \$ 70,200 and \$ 70,200 for the years ended December 31, 2018 and 2017, respectively.

**Functional Expenses** – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. The expenses that have been allocated are advertising, legal and accounting, office supplies, travel and entertainment, and wages and benefits, which are allocated on the basis of estimates of time and effort: depreciation, rent, and telephone, which are allocated on square footage basis.

**Advertising** – Advertising costs are charged to expense as incurred.

**Use of Estimates** – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Income Tax Status** – The Corporation is exempt from income taxes under IRC section 501(c)(6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Corporation has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income;

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. It has been classified as an organization other than a private foundation.

**New Accounting Pronouncement** – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The new standards change the following aspects of the Corporation’s financial statements:

- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The temporarily restricted net asset class has been renamed *net assets with donor restrictions*.
- The financial statements include a new disclosure about liquidity and available resources (Note 2)

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted Net Assets	\$ 216,547	\$
Temporarily Restricted Net Assets	154,705	
Net Assets Without Donor Restrictions		216,547
Net Assets With Donor Restrictions		154,705
Total Net Assets	<u>\$ 371,252</u>	<u>\$ 371,252</u>

In addition, certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Corporation’s financial assets at December 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Financial Assets At Year End:		
Cash & Cash Equivalents	\$ 210,010	\$ 213,657
Accounts Receivable	3,930	5,000
Cash Restricted For Economic Development	138,687	154,705
Total Financial Assets	352,627	373,362
Less Amounts Not Available To Be Used Within One Year:		
Net Assets With Donor Restrictions	138,687	154,705
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	\$ 213,940	\$ 218,657

The Corporation receives 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, 2018 and 2017. As part of the Corporation’s liquidity management plan, cash in excess of daily requirements are invested in savings accounts and certificate of deposits. Cash restricted for economic development are invested in savings accounts.

**NOTE 3 – NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions include infrastructure funds and are available once any donor-imposed conditions have been met. Restricted funds are designated as infrastructure development funds and are utilized under municipality infrastructure specific guideline agreements. At December 31, 2018 net assets with donor restrictions consists of cash totaling \$ 138,687. At December 31, 2017, net assets with donor restrictions consists of cash totaling \$ 154,705.

**NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Board has no standing policies that affect the presentation of board designation on net assets. They are all undesignated.

**NOTE 5 – CONCENTRATION**

Approximately 60% (52% in 2017) of the Corporation’s revenue (excluding pass-thru) is from the City of Napoleon and Henry County Commissioners.

**NOTE 6 – OPERATING LEASES**

The Corporation leases a copier with a contract scheduled to expire in 2020. Rental expense was \$ 1,555 and \$ 1,581 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under the operating lease as of December 31, 2018 are: 2019-\$ 1,555 and 2020-\$ 1,555.

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 7 – SUBSEQUENT EVENTS**

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016**

**ASSETS**

<b><u>CURRENT ASSETS</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash	\$ 368,362	\$ 408,697
Accounts Receivable-Net	5,000	0
Notes Receivable-Net	0	4,386
Prepaid Expenses	1,000	0
Total Current Assets	<u>374,362</u>	<u>413,083</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Furniture & Fixtures	12,834	12,740
Less Accumulated Depreciation	<u>(10,386)</u>	<u>(10,025)</u>
Net Property And Equipment	<u>2,448</u>	<u>2,715</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 376,810</u></u></b>	<b><u><u>\$ 415,798</u></u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accrued Vacation	\$ <u>5,558</u>	\$ <u>2,601</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	216,547	216,394
Temporarily Restricted	<u>154,705</u>	<u>196,803</u>
Total Net Assets	<u>371,252</u>	<u>413,197</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 376,810</u></u></b>	<b><u><u>\$ 415,798</u></u></b>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF ACTIVITIES  
For The Years Ended December 31, 2017 and 2016**

**UNRESTRICTED NET ASSETS**

**SUPPORT**

	<u>2017</u>	<u>2016</u>
Contributions From Participating Governmental Units	\$ 37,400	\$ 34,000
In-Kind Contributions	70,200	72,656
Memberships	37,406	48,850
Interest	41	44
Administrative Fees	5,454	5,769
Program Fees	17,402	7,772
Total Unrestricted Support	167,903	169,091
Net Assets Released From Restrictions		
Restrictions Satisfied By Payments	80,792	7,100
Total Unrestricted Support And Reclassifications	248,695	176,191

**EXPENSES**

Program Expenses		
Infrastructure Projects	71,587	7,100
Total Program Expenses	71,587	7,100
General Supporting Expenses		
Advertising	5,113	2,805
Bad Debts	386	0
Conference And Seminars	2,926	2,451
Depreciation	878	541
Dues And Subscriptions	2,350	1,340
Insurance	3,062	2,566
Legal And Accounting	10,680	9,855
Miscellaneous	6	0
Office	4,212	4,891
Rent - Office	6,200	8,656
Telephone	622	1,264
Travel And Entertainment	2,560	1,478
Wages & Benefits	136,571	83,825
Workforce Development	1,389	0
Total General Supporting Expenses	176,955	119,672
Total Expenses	248,542	126,772
Increase In Unrestricted Net Assets	\$ 153	\$ 49,419

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF ACTIVITIES  
For The Years Ended December 31, 2017 and 2016**

**TEMPORARILY RESTRICTED NET ASSETS**

	<b>2017</b>	<b>2016</b>
Support		
Infrastructure Funds	\$ 38,641	26,745
Interest & Late Fees	53	187
Net Assets Released From Restrictions	<u>(80,792)</u>	<u>(7,100)</u>
(Decrease) Increase In Temporarily Restricted Net Assets	<u>(42,098)</u>	<u>19,832</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<b>(41,945)</b>	<b>69,251</b>
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	<b><u>413,197</u></b>	<b><u>343,946</u></b>
<b><u>NET ASSETS, END OF YEAR</u></b>	<b><u>\$ 371,252</u></b>	<b><u>\$ 413,197</u></b>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2017 and 2016**

<u><b>CASH FLOWS FROM OPERATING ACTIVITIES</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
Change In Net Assets	\$ (41,945)	\$ 69,251
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	878	541
(Increase) Decrease In Accounts Receivable	(5,000)	7,750
(Increase) Decrease In Prepaid Expenses	(1,000)	0
Increase In Accrued Vacation	2,957	128
Net Cash (Used In) Provided By Operating Activities	<u>(44,110)</u>	<u>77,670</u>
<u><b>CASH FLOWS FROM INVESTING ACTIVITIES</b></u>		
Proceeds From Notes Receivable	4,386	5,176
Purchase of Equipment	(611)	(2,870)
Net Cash Provided By Investing Activities	<u>3,775</u>	<u>2,306</u>
<u><b>NET (DECREASE) INCREASE IN CASH</b></u>	<u>(40,335)</u>	<u>79,976</u>
<u><b>CASH AT BEGINNING OF YEAR</b></u>	<u>408,697</u>	<u>328,721</u>
<u><b>CASH AT END OF YEAR</b></u>	<u>\$ 368,362</u>	<u>\$ 408,697</u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

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

**Nature Of Activities** – The Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation) 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 Corporation is to promote economic development in Henry County, Ohio. The Corporation'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 financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis Of Presentation** – The Corporation reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Management is of the opinion there were no permanently restricted net assets as of December 31, 2017 and 2016.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Corporation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the Corporation.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Corporation's unspent contributions are reported in this class if the donor limited their use, or are promised contributions that are not yet due. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

**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.

**Accounts Receivable** – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 accounts receivable. The allowance for bad debts for the years ended December 31, 2017 and 2016 is \$ 0 and \$ 2,800, respectively.

**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 over the asset’s estimated useful life. The Corporation capitalizes all acquisitions in excess of \$500.

**Income Tax Status** – The Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation files Form 990 annually. It has been classified as an organization other than a private foundation.

**Estimates** – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however actual results could differ from those estimates.

**Contributed Services and Facilities** – In-kind contributions are recorded as revenue and expenses in the accompanying statements of activities. In-kind contributions consist of wages being partially paid by Henry County, Ohio, use of office facilities, and some advertising. The estimated fair value of the wages, office facilities, and advertising was \$ 70,200 and \$ 72,626 for the years ended December 31, 2017 and 2016, respectively.

**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 Corporation.

**Advertising** – Advertising costs are charged to expense as incurred.

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**NOTE 2 – CASH**

At December 31, 2017, cash consists of the following:

	Unrestricted	Temporarily Restricted
Checking	\$ 150,507	\$ -
Savings	27,379	154,705
Certificates of Deposit	35,771	-
Total	\$ 213,657	\$ 154,705

At December 31, 2016, cash consists of the following:

	Unrestricted	Temporarily Restricted
Checking	\$ 153,170	\$ -
Savings	27,370	192,417
Certificates of Deposit	35,740	-
Total	\$ 216,280	\$ 192,417

**NOTE 3 – NOTES RECEIVABLE**

The Corporation is encouraging expansion of local businesses by making low interest loans. The loans are made from temporarily restricted infrastructure funds. The loans are secured by the equipment and inventory purchased and are personally guaranteed by the borrowers. 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 notes receivable. The allowance for bad debts for the years ended December 31, 2017 and 2016 is \$ 0 and \$ 2,800, respectively. Terms of the loans are as follows:

	12-31-17	12-31-16	Interest Rate	Monthly Payment	Due Date
Tammy’s Tiny Tack Shop	\$ 0	\$ 7,186	0.00 %	116.67	08-17
Less: Allowance	( 0)	(2,800)			
Net Notes Receivable	0	4,386			
Less: Current Portion	( 0)	(4,386)			
Long Term Portion	\$ 0	\$ 0			

**NOTE 4 – NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets include infrastructure funds and are available once any donor-imposed conditions have been met. At December 31, 2017, temporarily restricted net assets consists of cash totaling \$ 154,705. At December 31, 2016, \$ 196,803 of temporarily restricted net assets consists of cash totaling \$ 192,417 and notes receivable totaling \$ 4,386.

**COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**NOTE 5 – CONCENTRATION**

Approximately 52% (54% in 2016) of the Corporation's revenue (excluding pass-thru) is from the City of Napoleon and Henry County Commissioners.

**NOTE 6 – OPERATING LEASES**

The Corporation leases a copier with a contract scheduled to expire in 2020. Rental expense was \$ 1,581 and \$ 1,629 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments under the operating lease as of December 31, 2017 are: 2018-\$ 1,555, 2019-\$ 1,555 and 2020-\$ 1,555.

**NOTE 7 – SUBSEQUENT EVENTS**

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

**NOTE 8 – RELATED PARTY TRANSACTION**

The Corporation procures liability insurance coverage through Frost Insurance Agency. The total paid to Frost Insurance Agency in 2017 was \$2,453. Board member Chris Peper is an agent for Frost Insurance Agency. The renewal of the insurance policy was not voted on by the Board.

# 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 REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Community Improvement Corporation  
of Henry County  
Henry County  
104 East Washington Street, Suite 301  
Napoleon, Ohio 43545

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation) as of and for the years ended December 31, 2018, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2019, wherein we noted the Corporation adopted new accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our

Community Improvement Corporation  
of Henry County  
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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*  
Page 2

audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 24, 2019

**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>2. OTHER – FINDINGS FOR RECOVERY</b>
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We identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS Controls report.

**FINDING NUMBER 2018-001**

**Finding for Recovery Repaid Under Audit**

*State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)*, provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Due to deficiencies in internal controls over disbursements, the following purchases for alcoholic beverages were made during the audit period:

Check Date	Amount of Alcohol in Check	Person(s) Authorizing Check					
		Denise Dahl	Chris Peper	Daniel Brubaker	Lyndsey Lucas	Kelli Burkhardt	Jason Maassel
1/17/2017	\$190	\$190	\$190				
2/21/2017	225	225					
5/17/2017	16	16				\$16	\$16
2/2/2018	132	132					
3/12/2018	150			\$150	\$150		
4/2/2018	324	324					
6/13/2018	12	12					
7/18/2018	34	34			34		
Totals	\$1,083	\$933	\$190	\$150	\$184	\$16	\$16

In accordance with the preceding facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued, in favor of the Community Improvement Corporation of Henry County General Fund in the amount of \$1,083, against the following individuals: Denise Dahl for \$693, Denise Dahl and Lyndsey Lucas, jointly and severally for \$34, Denise Dahl and Chris Peper, jointly and severally for \$190, Denise Dahl, Jason Maassel, and Kelli Burkhardt, jointly and severally for \$16, and Daniel Brubaker and Lyndsey Lucas, jointly and severally for \$150.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code §9.39; State ex rel. Village of Linndale v. Masten, 18 Ohio St.-3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

The CIC should implement policies and procedures to verify that no alcohol purchases are made with public funds. Failure to do so could result in misappropriation of CIC resources and findings for recovery.

On September 20, 2019, the CIC issued a check in the amount of \$1,083 from the private fund bank account into the public fund bank account. This finding for recovery is considered repaid under audit.

**Officials' Response:**

We did not receive a response from Officials to this finding.

# OHIO AUDITOR OF STATE KEITH FABER



**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  
OCTOBER 15, 2019**