



**COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
OTTAWA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Ottawa County
Ottawa County
8043 West State Route 163, Suite 100
Oak Harbor, Ohio 43449

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

Report on Summarized Comparative Information

We have previously audited the Corporation's 2020 financial statements, and we expressed an unmodified opinion on the respective financial statements dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 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

February 21, 2024

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STATEMENTS OF FINANCIAL POSITION
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

ASSETS		2022	2021
		<u>2022</u>	<u>2021</u>
Current assets:			
Cash and cash equivalents		\$ 774,626	\$ 499,718
Investments		135,337	134,797
Accounts receivable		14,880	25,759
Grant receivable		22,675	-
Current portion of notes receivable		<u>53,800</u>	<u>105,600</u>
Total current assets		1,001,318	765,874
Property and Equipment:			
Furniture and equipment		72,387	72,387
Leasehold improvements		<u>7,739</u>	<u>7,739</u>
Total property and equipment		80,126	80,126
Less accumulated depreciation		<u>69,314</u>	<u>66,007</u>
Net property and equipment		10,812	14,119
Other assets:			
Notes receivable - net of current portion		93,359	228,163
Total assets		<u>\$ 1,105,489</u>	<u>\$ 1,008,156</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable		\$ 19,007	\$ 22,616
Accounts payable – BAC		11,193	-
Accrued payroll taxes		<u>3,301</u>	<u>2,804</u>
Total current liabilities		33,501	25,420
Net assets:			
Net assets without donor restrictions		1,071,988	969,271
Net assets with donor restrictions		<u>-</u>	<u>13,465</u>
Total net assets		1,071,988	982,736
Total assets and liabilities		<u>\$ 1,105,489</u>	<u>\$ 1,008,156</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities:</u>		
Increase in net assets	\$ 89,252	\$ 212,889
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,306	4,564
PPP loan forgiveness	-	(50,833)
Changes during the year in operating assets and liabilities:		
Accounts receivable	10,879	17,769
Grant receivable	(22,675)	-
Accounts payable	(3,609)	13,460
Accounts payable - BAC	11,193	-
Accrued payroll and taxes	497	1,601
Cash provided by operating activities	<u>88,843</u>	<u>199,450</u>
<u>Cash flows from investing activities:</u>		
Collections on notes receivable	186,605	75,558
Notes receivable made during the year	-	(200,000)
Acquisitions of equipment and leasehold improvement	-	(2,996)
Reinvestment of interest earnings	(540)	(951)
Cash provided by (used in) investing activities	<u>186,065</u>	<u>(128,389)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from PPP loan	-	50,833
Increase in cash	<u>274,908</u>	<u>121,894</u>
Cash and cash equivalents at beginning of year	499,718	377,824
Cash and cash equivalents at end of year	<u>\$ 774,626</u>	<u>\$ 499,718</u>
<u>Supplemental disclosure of non-cash financing activities:</u>		
Forgiveness of PPP loan	<u>\$ -</u>	<u>\$ 50,833</u>

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

For the years ended December 31, 2022 and 2021

	2022			2021		
	Total	Program Services	General	Total	Program Services	General
Salaries and benefits:						
Salary – director	\$ 97,573	\$ 92,694	\$ 4,879	\$ 92,354	\$ 87,736	\$ 4,618
Salary – workforce director	29,562	29,562	-	54,024	54,024	-
Salary – comm & program manager	51,691	51,691	-	-	-	-
Salary – administrative assistant	40,811	4,081	36,730	47,589	4,759	42,830
Salary – employment resource coordinator	27,243	27,243	-	43,669	43,669	-
Salary – employment resource assistant	32,466	32,466	-	30,953	30,953	-
Employee health and life insurance	3,735	3,735	-	2,638	2,638	-
Payroll taxes	23,931	18,002	5,929	20,639	15,590	5,049
Retirement	1,039	842	197	816	616	200
	<u>308,051</u>	<u>260,316</u>	<u>47,735</u>	<u>292,682</u>	<u>239,985</u>	<u>52,697</u>
Total salaries and benefits						
Office expenses:						
Travel, lodging and meals	9,083	9,083	-	5,817	5,817	-
Membership, meetings and conferences	14,400	14,400	-	14,626	14,626	-
Legal and accounting fees	9,078	7,262	1,816	14,230	11,384	2,846
Communications	5,141	5,141	-	5,099	5,099	-
Rent	13,533	13,533	-	13,533	13,533	-
Office supplies	24,662	23,429	1,233	19,036	18,084	952
Depreciation	3,306	3,306	-	4,565	4,565	-
Business insurance	5,982	5,982	-	3,085	3,085	-
Continuing education	1,065	1,065	-	799	799	-
	<u>86,250</u>	<u>83,201</u>	<u>3,049</u>	<u>80,790</u>	<u>76,992</u>	<u>3,798</u>
Total office expenses						
Marketing expenses:						
Experience Ottawa County	12,263	12,263	-	26,433	26,433	-
Advertising	13,692	13,692	-	33,918	33,918	-
Awards dinner	6,307	6,307	-	8,230	8,230	-
	<u>32,262</u>	<u>32,262</u>	<u>-</u>	<u>68,581</u>	<u>68,581</u>	<u>-</u>
Total marketing expenses						
Development and research expenses:						
RISE program/development	-	-	-	1,500	1,500	-
Economic development	4,838	4,838	-	12,560	12,560	-
Workforce development	93,660	93,660	-	31,146	31,146	-
	<u>98,498</u>	<u>98,498</u>	<u>-</u>	<u>45,206</u>	<u>45,206</u>	<u>-</u>
Total development and research expenses						
Total expenses	<u>\$ 525,061</u>	<u>\$ 474,277</u>	<u>\$ 50,784</u>	<u>\$ 487,259</u>	<u>\$ 430,764</u>	<u>\$ 56,495</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

Note 1 - Organization:

The Community Improvement Corporation of Ottawa County (the “Corporation”) is a nonprofit corporation chartered in 1966. Its purpose is to advance, encourage and promote the industrial, economic, commercial and research development of Ottawa County. The primary source of funding comes from conveyance fees collected by Ottawa County on real estate transfers.

Note 2 - Accounting Policies:

Basis of Presentation: The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require 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 organization. These net assets may be used at the discretion of the Corporation’s management and the board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 statement of activities.

Taxes: The Corporation is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Corporation has evaluated uncertain income tax positions for all open tax years and believes there are no uncertain tax positions of significance that are required to be recorded or disclosed in these financial statements or incurred any interest or penalties.

Property and Equipment: Property and equipment are recorded at original cost. It is the Corporation’s policy to capitalize property and equipment having a useful life of over one year. Depreciation has been computed using the double declining balance method over estimated useful lives. Expenditures for maintenance and repairs are charged to operations as incurred.

Basis of Accounting: The financial statements of the Corporation have been prepared on the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

Note 2 - Accounting Policies (Continued):

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP required management to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

Investments: Investments are carried at fair value and consist of certificates of deposit.

Accounts Receivable: Accounts receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible accounts. There is no material difference from using this method rather than the allowance method. Accounts are charged to bad debt after management is satisfied that all attempts to collect the receivable have been exhausted. The opening balance of accounts receivable on January 1, 2021 was \$43,528.

Notes Receivable: Notes receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible notes. There is no material difference from using this method rather than the allowance method. Notes are charged to bad debt after management is satisfied that all attempts to collect the receivable have been exhausted.

Accounting for Government Relief Funding: The Corporation has elected to record proceeds from government relief funding, including the Paycheck Protection Program (PPP) loan, as debt until the funding is legally forgiven. Conditions exist for loan forgiveness per Small Business Administration guidelines including use of proceeds on eligible expenses. See Note 7 for additional information.

Revenue Recognition: Revenues for exchange transactions are recognized when control of products or services are transferred to its customers which is when the performance obligation is satisfied. The Corporation does not have any significant financing component as payment is received at or shortly after the point of sale. Grants are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

Allocation of Functional Expenses: The cost of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions on a reasonable basis that is consistently applied.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

Note 2 - Accounting Policies (Continued):

Advertising: The Corporation expenses advertising costs when incurred. Advertising expenses amounted to \$13,692 for 2022 and \$33,918 for 2021.

Reclassifications: Certain prior year classifications have been changed in the current year financial statements in order to clarify financial presentation.

Note 3 - Defined Contribution Pension Plan:

The Corporation sponsors a defined contribution plan which began in January 2001. Under this plan, eligible employees may elect to have contributions withheld on their behalf. The Corporation will contribute a matching contribution up to 3% of the employee's compensation for the year. Under this plan, the Corporation's matching contribution recorded as expense amounted to \$1,039 for 2022 and \$816 for 2021.

Note 4 - Lease Obligations:

The Corporation leases office space under an annual operating lease, payable quarterly. Rent expense amounted to \$13,533 for 2022 and 2021.

The Corporation leases a copy machine under an annual operating lease, payable monthly. The monthly expense amounted to \$3,146 for 2022 and \$2,834 for 2021.

Note 5 - Concentration of Credit Risk:

Financial instruments which potentially subject the Corporation to concentration of credit risk consist principally of cash deposited in financial institutions and accounts and notes receivable.

The Corporation has accounts receivable that arise from income that comes from two major sources: Ohio Means Jobs and Jobs and Family Services consulting fees. Accounts receivable from these organizations were unsecured and totaled \$13,577 as of December 31, 2022 and \$25,759 as of December 31, 2021.

The Corporation has extended secured credit with promissory notes to businesses in Ottawa County. The notes are to be used for promoting business startup and growth. Notes receivable totaled \$147,159 as of December 31, 2022 and \$333,763 as of December 31, 2021. See Note 6 for additional information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

Note 6 - Notes Receivable:

The Corporation has made loans to companies and individuals for the startup of new businesses within the County. As of December 31, 2022 and 2021, the following notes receivable were outstanding:

	<u>2022</u>	<u>2021</u>
The Que Restaurant, secured by real estate, dated May 7, 2021 payable in 60 monthly installments of \$2,729 including interest payable at 3.5%, due May 2025	\$ 647	\$ 105,304
QuinStock Adventures, LLC, secured by real estate and all assets, dated September 5, 2021 payable in interest only payments for 9 months then in 60 monthly installment payments of \$2,113 beginning July 1, 2021 including interest payable at 3.5%, due June 1, 2023	-	27,476
BMGL Holdings LLC, secured by real estate and all assets, dated August 19, 2021 payable in 60 monthly installments of \$618 including interest payable at 3.5%, due August 2024	11,416	18,871
Gristmill, LLC, secured by real estate and all assets, dated May 24, 2022 payable in 60 monthly installments of \$1,607 including interest payable at 2.75%; due May 2026	64,286	80,126
Big Boy Adventures, LLC, secured by real estate and all assets, dated September 24, 2022 payable in 60 monthly installments of \$804 including interest payable at 2.75%, due October 2026	28,394	43,701
Bill/Lisa Black; secured by real estate and all assets, dated November 30, 2022 payable in 60 monthly installments of \$482 including interest payable at 2.75%; due November 2026	21,461	26,580
Spa Catawba LLC, secured by real estate and all assets, dated March 16, 2022 payable in 36 installments of \$719 including interest payable at 2.25%; due March 2024	10,622	18,907
Robert Wilson, secured by real estate and all assets, dated November 19, 2022 payable in 60 monthly installments of \$232 including interest payable at 2.75%, due November 2026	<u>10,333</u>	<u>12,798</u>
Total Notes Receivable	147,159	333,763
Less Current Maturities	<u>53,800</u>	<u>105,600</u>
Net Long-Term Notes Receivable	<u>\$ 93,359</u>	<u>\$ 228,163</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

Note 7 - Note Payable:

In January, 2021 the Corporation applied for and received a loan under the PPP totaling \$50,833 with a stated annual interest rate of 1.00%. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll costs (as defined for purposes of the PPP) of the qualifying business. The loan and any accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, during a 24-week period following the receipt of the loan and maintains its payroll levels and employee headcount. The Corporation utilized the entire loan amount for qualifying expenses. The entire loan was forgiven by the Small Business Administration in 2021.

Note 8 - Related Party Transaction:

All members of the Corporation's Board of Trustees also comprise the Board of Trustees of Ottawa County Business Advisory Council (BAC). The entities are separate distinct legal entities and all transactions between the organizations are handled at arms-length. Accounts payable to the BAC amounted to \$11,193 at December 31, 2022. The amount was repaid in full in 2023.

Note 9 - Fair Value Measurements:

Cash equivalents are presented on the financial statements at fair value. In determining fair value, we use various methodologies and prioritize the use of observable inputs. We assess the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 - Inputs include quoted prices for identical instruments and are the most observable.

Level 2 - Inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves.

Level 3 - Inputs include data not observable in the market and reflect management's judgements about the assumptions market participants would use in pricing the asset or liability.

The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our hierarchy assessment.

Valuation Methodologies:

Cash Equivalents and Investments - Highly liquid investments with an initial maturity of 90 days or less at date of purchase are classified as cash and cash equivalents. Investments with a maturity date greater than 90 days at the date of purchase are classified as investments. Certificates of deposit are reported at par value, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2022 and 2021

Note 9 - Fair Value Measurements (continued):

The fair values of all investments listed below as of December 31, 2022 and 2021 are considered level 2 based on the fair value hierarchy.

	<u>Assets at Fair Value as of December 31, 2022</u>	<u>Assets at Fair Value as of December 31, 2021</u>
Certificates of Deposit	\$ 135,337	\$ 134,797

Note 10 - Liquidity and Funds Available:

The following table reflects the Corporation's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held by others, perpetual endowments, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 774,626	\$ 499,718
Investments	135,337	134,797
Accounts receivable	14,880	25,759
Current portion of notes receivable	<u>53,800</u>	<u>105,600</u>
Financial assets at year-end	978,643	765,874
Less those unavailable to general expenditure within one year:		
Net assets with donor restrictions	<u>-</u>	<u>13,465</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 978,643</u>	<u>\$ 752,409</u>

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 11 - Subsequent Events:

The Corporation evaluated subsequent events as of the date of the opinion letter, the date that these financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

STATEMENTS OF FINANCIAL POSITION
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2021 and 2020

<u>ASSETS</u>	2021	2020
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 499,718	\$ 377,824
Investments	134,797	133,846
Accounts receivable	25,759	43,528
Current portion of notes receivable	105,600	59,100
TOTAL CURRENT ASSETS	765,874	614,298
 <u>Equipment:</u>		
Furniture and equipment	72,387	69,391
Leasehold improvements	7,739	7,739
	80,126	77,130
Less accumulated depreciation	66,007	61,443
	14,119	15,687
 <u>Other Assets:</u>		
Notes receivable - net of current portion	228,163	150,221
	\$ 1,008,156	\$ 780,206
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>Current Liabilities:</u>		
Accounts payable	\$ 22,616	\$ 9,156
Accrued payroll taxes	2,804	1,203
TOTAL CURRENT LIABILITIES	25,420	10,359
 <u>Net Assets:</u>		
Net assets without donor restrictions	969,271	769,847
Net assets with donor restrictions	13,465	-
TOTAL NET ASSETS	982,736	769,847
	\$ 1,008,156	\$ 780,206

See accompanying notes.

STATEMENTS OF ACTIVITIES
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support:						
Conveyance fees	\$ 409,558	\$ -	\$ 409,558	\$ 350,924	\$ -	\$ 350,924
Job and Family Services consulting fee	95,500	-	95,500	66,053	-	66,053
Experience Ottawa County	16,544	-	16,544	100	-	100
OMJ Ottawa County (Ohio Means Jobs)	102,360	-	102,360	92,672	-	92,672
RISE Small Business Grant program	-	14,965	14,965	-	50,535	50,535
Reimbursements	-	-	-	8,006	-	8,006
Interest income	9,753	-	9,753	9,129	-	9,129
Other	635	-	635	6,054	-	6,054
Net assets released from restrictions	1,500	(1,500)	-	50,535	(50,535)	-
TOTAL SUPPORT	635,850	13,465	649,315	583,473	-	583,473
Expenses:						
Program services	430,764	-	430,764	379,480	-	379,480
Management and general	56,495	-	56,495	58,485	-	58,485
TOTAL EXPENSES	487,259	-	487,259	437,965	-	437,965
	148,591	13,465	162,056	145,508	-	145,508
Other:						
PPP loan forgiveness	50,833	-	50,833	-	-	-
Increase in net assets	199,424	13,465	212,889	145,508	-	145,508
Net assets, beginning of year	769,847	-	769,847	624,339	-	624,339
Net assets, end of year	\$ 969,271	\$ 13,465	\$ 982,736	\$ 769,847	\$ -	\$ 769,847

See accompanying notes.

STATEMENTS OF CASH FLOWS
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase in net assets	\$ 212,889	\$ 145,508
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,564	3,254
PPP loan forgiveness	(50,833)	-
Changes during the year in operating assets and liabilities:		
Accounts receivable	17,769	(9,791)
Accounts payable	13,460	(733)
Accrued payroll and taxes	1,601	541
CASH PROVIDED BY OPERATING ACTIVITIES	<u>199,450</u>	<u>138,779</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Collections on notes receivable	75,558	40,895
Notes receivable made during the year	(200,000)	(150,000)
Acquisitions of equipment and leasehold improvement	(2,996)	(7,536)
Reinvestment of interest earnings	(951)	(2,360)
CASH USED IN INVESTING ACTIVITIES	<u>(128,389)</u>	<u>(119,001)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from PPP loan	50,833	-
CASH PROVIDED BY FINANCING ACTIVITIES	<u>50,833</u>	<u>-</u>
INCREASE IN CASH	121,894	19,778
Cash and cash equivalents at beginning of year	<u>377,824</u>	<u>358,046</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 499,718</u>	<u>\$ 377,824</u>
<u>Supplemental disclosure of non-cash financing activities:</u>		
Forgiveness of PPP loan	<u>\$ 50,833</u>	<u>\$ -</u>

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES
 COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

For the years ended December 31, 2021 and 2020

	2021			2020		
	Total	Program Services	General	Total	Program Services	General
Salaries and Benefits:						
Salary – Director	\$ 92,354	\$ 87,736	\$ 4,618	\$ 53,582	\$ 50,903	\$ 2,679
Salary – Workforce Director	54,024	54,024	-	40,795	40,795	-
Salary – Administrative Assistant	47,589	4,759	42,830	52,306	5,231	47,075
Salary – Employment Resource Coordinator	43,669	43,669	-	40,936	40,936	-
Salary – Employment Resource Assistant	30,953	30,953	-	15,752	15,752	-
Employee health and life insurance	2,638	2,638	-	1,198	1,198	-
Payroll taxes	20,639	15,590	5,049	16,950	11,201	5,749
Retirement	816	616	200	1,905	1,259	646
Total Salaries and Benefits	<u>292,682</u>	<u>239,985</u>	<u>52,697</u>	<u>223,424</u>	<u>167,275</u>	<u>56,149</u>
Office Expenses:						
Travel, lodging and meals	5,817	5,817	-	3,001	3,001	-
Membership, meetings and conferences	32,123	32,123	-	8,843	8,843	-
Legal and accounting fees	14,230	11,384	2,846	7,554	6,043	1,511
Communications	5,099	5,099	-	4,996	4,996	-
Rent	13,533	13,533	-	13,533	13,533	-
Office supplies	19,036	18,084	952	16,499	15,674	825
Depreciation	4,565	4,565	-	3,254	3,254	-
Business insurance	3,085	3,085	-	7,078	7,078	-
Continuing education	799	799	-	331	331	-
Total Office Expenses	<u>98,287</u>	<u>94,489</u>	<u>3,798</u>	<u>65,089</u>	<u>62,753</u>	<u>2,336</u>
Marketing Expenses:						
Experience Ottawa County	26,433	26,433	-	-	-	-
Advertising	33,918	33,918	-	55,643	55,643	-
Awards dinner	8,230	8,230	-	6,309	6,309	-
Total Marketing Expenses	<u>68,581</u>	<u>68,581</u>	<u>-</u>	<u>61,952</u>	<u>61,952</u>	<u>-</u>
Development and Research Expenses:						
RISE program/development	1,500	1,500	-	62,107	62,107	-
Economic development	12,560	12,560	-	16,476	16,476	-
Workforce development	13,649	13,649	-	8,917	8,917	-
Total Development and Research Expenses	<u>27,706</u>	<u>27,706</u>	<u>-</u>	<u>87,500</u>	<u>87,500</u>	<u>-</u>
TOTAL EXPENSES	\$ 487,259	\$ 430,764	\$ 56,495	\$ 437,965	\$ 379,480	\$ 58,485

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2021 and 2020

Note A - Organization:

The Community Improvement Corporation of Ottawa County (the “Corporation”) is a nonprofit corporation chartered in 1966. Its purpose is to advance, encourage and promote the industrial, economic, commercial and research development of Ottawa County. The primary source of funding comes from conveyance fees collected by Ottawa County on real estate transfers.

Note B - Accounting Policies:

Basis of Presentation: The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require 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 organization. These net assets may be used at the discretion of the Corporation’s management and the board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 statement of activities.

Taxes: The Corporation is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code.

Property and Equipment: Property and equipment are recorded at original cost. It is the Corporation’s policy to capitalize property and equipment having a useful life of over one year. Depreciation has been computed using the double declining balance method over estimated useful lives.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP required management to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting: The financial statements of the Corporation have been prepared on the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2021 and 2020

Note B - Accounting Policies (Continued):

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

Investments: Investments are carried at fair value and consist of certificates of deposit.

Accounts Receivable: Accounts receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible accounts. There is no material difference from using this method rather than the allowance method. Accounts are charged to bad debt after management is satisfied that all attempts to collect the receivable have been exhausted. The opening balance of accounts receivable on January 1, 2020 was \$33,737.

Notes Receivable: Notes receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible notes. There is no material difference from using this method rather than the allowance method. Notes are charged to bad debt after management is satisfied that all attempts to collect the receivable have been exhausted.

Accounting for Government Relief Funding: The Corporation has elected to record proceeds from government relief funding, including the Paycheck Protection Program (PPP) loan, as debt until the funding is legally forgiven. Conditions exist for loan forgiveness per Small Business Administration guidelines including use of proceeds on eligible expenses. See Note G for additional information.

Revenue Recognition: Revenues are recognized when control of products or services are transferred to its customers which is when the performance obligation is satisfied. The Corporation does not have any significant financing component as payment is received at or shortly after the point of sale.

Allocation of Functional Expenses: The cost of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions on a reasonable basis that is consistently applied.

Advertising: The Corporation expenses advertising costs when incurred. Advertising expenses amounted to \$33,918 for 2021 and \$55,643 for 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2021 and 2020

Note B - Accounting Policies (Continued):

New Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 will require that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than twelve months, with the result being the recognition of a right of use asset and a lease liability. Recognition and presentation of expenses will depend on the classification of the lease as either finance or operating. ASU 2016-02 will also require quantitative and qualitative disclosures to supplement the amounts recorded in the financial statements to afford better understanding of the Company's leasing activities. ASU 2016-02, as amended by ASU 2020-05, is effective for fiscal years beginning after December 15, 2021, with early adoption permitted and is to be applied retrospectively. The Company is currently evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Note C - Defined Contribution Pension Plan:

The Corporation sponsors a defined contribution pension plan which began in January, 2001. Under this plan, eligible employees may elect to have contributions withheld on their behalf. The Corporation will contribute a matching contribution up to 3% of the employee's compensation for the year. Under this plan, the Corporation's matching contribution recorded as expense amounted to \$816 for 2021 and \$1,905 for 2020.

Note D - Lease Obligations:

The Corporation leases office space under an annual operating lease, payable quarterly. Rent expense amounted to \$13,533 for 2021 and 2020.

The Corporation leases a copy machine under an annual operating lease, payable monthly. The monthly expense amounted to \$2,834 for 2021 and \$3,723 for 2020.

Note E - Concentration of Credit Risk:

Financial instruments which potentially subject the Corporation to concentration of credit risk consist principally of cash deposited in financial institutions and accounts and notes receivable.

The Corporation has accounts receivable that arise from income that comes from two major sources: Ohio Means Jobs and Jobs and Family Services consulting fees. Accounts receivable from these organizations were unsecured and totaled \$25,759 as of December 31, 2021 and \$41,320 as of December 31, 2020.

The Corporation has extended secured credit with promissory notes to businesses in Ottawa County. The notes are to be used for promoting business startup and growth. Notes receivable totaled \$333,763 as of December 31, 2021 and \$209,321 as of December 31, 2020. See Note F for additional information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2021 and 2020

Note F - Notes Receivable:

The Corporation has made loans to companies and individuals for the startup of new businesses within the County. As of December 31, 2021 and 2020, the following notes receivable were outstanding:

	<u>2021</u>	<u>2020</u>
The Que Restaurant, secured by real estate, dated May 7, 2020 payable in 60 monthly installments of \$2,729 including interest payable at 3.5%, due May 2025	\$ 105,304	\$ 133,820
QuinStock Adventures, LLC, secured by real estate and all assets, dated September 5, 2020 payable in interest only payments for 9 months then in 60 monthly installment payments of \$2,113 beginning July 1, 2020 including interest payable at 3.5%, due June 1, 2023	27,476	49,452
BMGL Holdings LLC, secured by real estate and all assets, dated August 19, 2020 payable in 60 monthly installments of \$618 including interest payable at 3.5%, due August 2024	18,871	26,049
Gristmill, LLC, secured by real estate and all assets, dated May 24, 2021 payable in 60 monthly installments of \$1,607 including interest payable at 2.75%; due May 2026	80,126	-
Big Boy Adventures, LLC, secured by real estate and all assets, dated September 24, 2021 payable in 60 monthly installments of \$804 including interest payable at 2.75%, due October 2026	43,701	-
Bill/Lisa Black; secured by real estate and all assets, dated November 30, 2021 payable in 60 monthly installments of \$482 including interest payable at 2.75%; due November 2026	26,580	-
Spa Catawba LLC, secured by real estate and all assets, dated March 16, 2021 payable in 36 installments of \$719 including interest payable at 2.25%; due March 2024	18,907	-
Robert Wilson, secured by real estate and all assets, dated November 19, 2021 payable in 60 monthly installments of \$232 including interest payable at 2.75%, due November 2026	<u>12,798</u>	<u>-</u>
Total Notes Receivable	333,763	209,321
Less Current Maturities	<u>105,600</u>	<u>59,100</u>
Net Long-Term Notes Receivable	<u>\$ 228,163</u>	<u>\$ 150,221</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
 December 31, 2021 and 2020

Note G - Note Payable:

In January, 2021 the Corporation applied for and received a loan under the PPP totaling \$50,833 with a stated annual interest rate of 1.00%. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll costs (as defined for purposes of the PPP) of the qualifying business. The loan and any accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, during a 24-week period following the receipt of the loan and maintains its payroll levels and employee headcount. The Corporation utilized the entire loan amount for qualifying expenses. The entire loan was forgiven by the Small Business Administration in 2021.

Note H - Fair Value Measurements:

Cash equivalents are presented on the financial statements at fair value. In determining fair value, we use various methodologies and prioritize the use of observable inputs. We assess the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 - Inputs include quoted prices for identical instruments and are the most observable.

Level 2 - Inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves.

Level 3 - Inputs include data not observable in the market and reflect management's judgements about the assumptions market participants would use in pricing the asset or liability.

The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our hierarchy assessment.

Valuation Methodologies:

Cash Equivalents and Investments - Highly liquid investments with a maturity of 90 days or less at date of purchase are classified as cash and cash equivalents. Investments with a maturity date greater than 90 days at the date of purchase are classified as investments. Certificates of deposit are reported at par value, which approximates fair value.

The fair values of all investments listed below as of December 31, 2021 and 2020 are reported at par value as of the measurement date (level 2 of the fair value hierarchy).

	<u>Assets at Fair Value as of December 31, 2021</u>	<u>Assets at Fair Value as of December 31, 2020</u>
Certificates of Deposit	\$ 134,797	\$ 133,846

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
 December 31, 2021 and 2020

Note I - Liquidity and Funds Available:

The following table reflects the Corporation's financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held by others, perpetual endowments, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

Financial assets:	
Cash and cash equivalents	\$ 499,718
Investments	134,797
Accounts receivable	25,759
Current portion of notes receivable	<u>105,600</u>
Financial assets at year-end	765,874
Less those unavailable to general expenditure within one year:	
Net assets with donor restrictions	<u>13,465</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 752,409</u>

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note J - Subsequent Events:

The Corporation evaluated subsequent events as of the date of the opinion letter, the date that these financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in these financial statements.



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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 Ottawa County
Ottawa County
8043 West State Route 163, Suite 100
Oak Harbor, Ohio 43449

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 Ottawa County, Ottawa County, Ohio (the Corporation), (a not-for-profit corporation) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated February 21, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

February 21, 2024

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

Finding Number	Finding Summary	Status	Additional Information
2020-001	Finding was first reported during the audit of the 2018 financial statements. Material weakness for errors in financial reporting.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

OTTAWA 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 3/21/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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