

Financial Statements
And
Independent Auditor's Report

Community Improvement Corporation of Greene County

December 31, 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Greene County
61 Greene Street
Xenia, Ohio 45385

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Greene County, prepared by Harvey L. Harris, CPA, for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 1, 2005

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Community Improvement Corporation of Greene County
OFFICERS AND TRUSTEES
December 31, 2003

OFFICERS

President - John Finlay	Attorney
Vice-President - Julia Ables	Business Executive
Treasurer - Ralph Harper	Greene County Commissioner
Secretary - Patricia Hobbs	Greene Co. Department of Development

TRUSTEES

Dale F. Grimes	Economic Growth Corporation Chairman
Mark Guess	Agriculture
Joe Harkleroad	Business Executive
Debra Keller	Bank Executive
Thomas Koogler	Business Executive
W. Reed Madden	Greene County Commissioner
John Nauseef	Business Executive
Howard Poston	Greene County Administrator
Marilyn Reid	Greene County Commissioner

Harvey L. Harris
Certified Public Accountant
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Dayton, Ohio 45459
(937)436-9557

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Greene County

I have audited the accompanying statement of financial position of the Community Improvement Corporation of Greene County (a nonprofit organization) as of December 31, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Community Improvement Corporation of Greene County as of December 31, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 7, 2004 on my consideration of the Community Improvement Corporation of Greene County's internal control structure and its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Harvey L. Harris, CPA

April 7, 2004

Community Improvement Corporation of Greene County
STATEMENT OF FINANCIAL POSITION
December 31, 2003

ASSETS

CURRENT ASSETS

Cash		\$ 384,181
Notes and accounts receivable		
Notes receivable	\$ 15,995	
Accrued interest receivable	2,668	
Less allowance for doubtful accounts	<u>18,663</u>	-
Restricted cash		<u>72,350</u>
 Total current assets		 456,531

PROPERTY AND EQUIPMENT - AT COST

Land	17,800	
Building	77,200	
Computer equipment	<u>6,524</u>	
	101,524	
Less accumulated depreciation	<u>17,621</u>	<u>83,903</u>
		 <u>\$ 540,434</u>

LIABILITIES AND NET ASSETS

Rental security deposit		\$ 500
 Net assets		
Unrestricted	503,939	
Temporarily restricted	<u>35,995</u>	<u>539,934</u>
		 <u>\$ 540,434</u>

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
STATEMENT OF ACTIVITIES
Year ended December 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Revenues and support			
Greene County	\$ 156,000	\$ -	\$ 156,000
Greene County Community Foundation	8,300	-	8,300
Rents received	10,246	-	10,246
Interest income	4,363	114	4,477
Other income	945	-	945
Net assets released from restrictions	<u>36,663</u>	<u>(36,663)</u>	<u>-</u>
 Total revenue	 216,517	 (36,549)	 179,968
Program and administrative expenses			
Image promotion	56,180	-	56,180
Support services and staff development	89,300	-	89,300
Administration	8,073	-	8,073
Development projects	25,661	-	25,661
Rental property expenses	3,776	-	3,776
Depreciation	1,930	-	1,930
Bad debt expense	<u>18,663</u>	<u>-</u>	<u>18,663</u>
 Total expenses	 <u>203,583</u>	 <u>-</u>	 <u>203,583</u>
 Change in net assets	 12,934	 (36,549)	 (23,615)
Net assets at January 1, 2003, as previously reported	410,172	72,544	482,716
Prior period adjustments	<u>80,833</u>	<u>-</u>	<u>80,833</u>
Net assets at January 1, 2003, as restated	<u>491,005</u>	<u>72,544</u>	<u>563,549</u>
 Net assets at December 31, 2003	 <u>\$ 503,939</u>	 <u>\$ 35,995</u>	 <u>\$ 539,934</u>

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
STATEMENT OF CASH FLOWS
Year ended December 31, 2003

CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Change in net assets	\$ (23,615)
Adjustments to reconcile decrease in net assets to net cash used by operating activities	
Depreciation	1,930
Bad debt expense	18,663
(Increase) decrease in operating assets	
Accrued interest receivable	334
Increase (decrease) in operating liabilities	
Rental security deposit	500
Unearned rent income	<u>(400)</u>
Net cash used by operating activities	(2,588)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
Return of restricted cash	77,650
Collections on loan to Greene County Community Foundation	<u>15,951</u>
Net cash provided by investing activities	<u>93,601</u>
Increase in cash	91,013
Cash at January 1, 2003	<u>293,168</u>
Cash at December 31, 2003	<u>\$ 384,181</u>

The accompanying notes are an integral part of this statement.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the community. The Organization makes loans to companies located in Greene County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

2. Financial Statement Presentation

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

3. Allowance for Doubtful Accounts

The Organization has established an Allowance for Doubtful Accounts based on a review of its outstanding notes and accounts receivable at December 31, 2003. (See Note C)

4. Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by the straight-line method.

5. Income Taxes

The Organization is an agency of Greene County, Ohio and is, therefore, exempt from income taxes under Internal Revenue Code Section 501(c)(4).

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE B - CONCENTRATION OF CREDIT RISK

The Agency maintains cash balances at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2003, the Agency's uninsured cash balances total \$251,104. It is the opinion of management that the solvency of these financial institutions is not a concern at this time.

NOTE C - NOTES RECEIVABLE

The Organization has five loans made during 2000 and 2001 under the Greene County Microenterprise Loan Program. The program is intended to provide loans to low to moderate income business owners for use in acquiring facilities and equipment, paying start-up costs and providing working capital. The loans made range from \$350 to \$10,800 and are all payable over 36 months with interest at 10%. The loans are secured by the equipment purchased and certain personal assets of the borrowers. At December 31, 2003, the borrowers were delinquent in their payments on all of these loans and the Organization was pursuing collection by various methods. The full amount due on each of these notes, including interest, has been included in the allowance for doubtful accounts at December 31, 2003.

NOTE D - GREENE COUNTY COMMUNITY FOUNDATION

During 2001 and 2002, the Organization loaned a total of \$30,951 to the Greene County Community Foundation to fund an economic development feasibility study and to provide start-up funding. The loans are non-interest bearing and have no set repayment terms. The Foundation repaid \$15,000 of the loans in 2002 and the remaining \$15,951 in 2003.

NOTE E - RESTRICTED CASH

In conjunction with the Greene County Board of Commissioners, the Organization established a deposit account with a local financial institution in the amount of \$150,000 to guarantee a loan made by the institution to Snow Aviation International, Inc., a local company. The Organization contributed \$75,000 of the funds with the balance received from from Greene County. The Organization has a second lien position on Snow Aviation International, Inc.'s assets as collateral for the deposit. The loan was for one year and was payable in October, 2002. During 2003, Snow Aviation began repaying the loan and, as the financial institution received payments, a portion of the deposit amount was returned to the Community Improvement Corporation of Greene County. A total of \$77,650, plus interest, of the original \$150,000 was received in 2003, with the balance to be returned in 2004.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE F - RESTRICTIONS ON NET ASSETS

Revenues from grants that have the characteristics of contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the revenue. Temporarily restricted net assets at December 31, 2003 consists of funds received from a State of Ohio Community Development Block Grant and for the Greene County Microenterprise Loan Program.

NOTE G - REVENUES AND SUPPORT

During 2003, the Greene County Board of Commissioners utilized the Community Improvement Corporation of Greene County as a pass-through agency for the County's support of the Celebrity Champions Classic golf tournament. In this capacity, the Organization received \$50,000 from the County, and in turn disbursed the funds to the event.

Also during 2003, \$81,000 was received from the Greene County Board of Commissioners and an additional \$8,300 was received from the Greene County Community Foundation to fund the position of Executive Director of the Foundation.

NOTE H - RENTS RECEIVED

The Organization rents space in the building it owns at 58-64 E. Main Street, Xenia, to two tenants. One lease is on a month-to-month basis and provides for rents of \$410 per month. The other lease is for the period from May 1, 2003 through December 31, 2005, with an annual renewal option thereafter. The lease requires payments of \$500 per month, plus an additional \$100 per month for the first twelve months for improvements to be made to the property. The Organization pays the real estate taxes and other expenses associated with the leased property.

NOTE I - DONATED SERVICES

The Organization has no paid employees; time spent on its activities by the Officers and Trustees of the Organization is donated by local businesses, Greene County and the individuals themselves. The value of the donated services has not been recorded in the financial statements at December 31, 2003.

Community Improvement Corporation of Greene County
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE J - PRIOR PERIOD ADJUSTMENTS

The beginning balances of certain accounts have been restated to correct two errors. A building acquired in 1998 with funds provided by the Greene County Board of Commissioners was not conveyed to the County after purchase, but was instead deeded in the name of the Community Improvement Corporation of Greene County. The building had been treated as the property of Greene County prior to 2003. The effect of this error correction is to increase beginning assets and unrestricted net assets by the cost of the land and building of \$95,000, net of depreciation of \$9,167. Had the error not been made, the change in net assets for the year ended December 31, 2002 would have been reduced by depreciation of \$1,930.

The second error correction involves \$5,000 that was paid to the Greene County Community Foundation in 2001 to provide start-up funding. The amount had been carried on the books of the Community Improvement Corporation of Greene County as an advance, but was intended to have been a grant when originally paid. The effect of this error correction is to decrease beginning accounts receivable and unrestricted net assets by \$5,000. Had this error not been made, there would have been no effect on the change in net assets for the year ended December 31, 2002.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Community Improvement Corporation of Greene County

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of the Community Improvement Corporation of Greene County for the year ended December 31, 2003, which are presented in the preceding section of this report. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. The supplemental information presented hereinafter is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harvey L. Harris, CPA

April 7, 2004

Community Improvement Corporation of Greene County
SCHEDULE OF FINANCIAL POSITION BY ACCOUNT
December 31, 2003

	<u>CIC</u> <u>accounts</u>	Campaign for Greene County <u>accounts</u>	CDBG Revolving Loan Fund <u>account</u>	Micro- enterprise Loan Fund <u>account</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 102,016	\$ 246,170	\$ 24,580	\$ 11,415
Notes and accounts receivable				
Notes receivable	-	-	-	15,995
Accrued interest receivable	-	-	-	2,688
Less allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,663</u>
	-	-	-	-
Restricted cash	<u>-</u>	<u>72,350</u>	<u>-</u>	<u>-</u>
Total current assets	102,016	318,520	24,580	11,415
PROPERTY AND EQUIPMENT - at cost				
Land	17,800	-	-	-
Building	77,200	-	-	-
Computer equipment	<u>-</u>	<u>6,524</u>	<u>-</u>	<u>-</u>
	95,000	6,524	-	-
Less accumulated depreciation	<u>11,097</u>	<u>6,524</u>	<u>-</u>	<u>-</u>
	<u>83,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 185,919</u>	<u>\$ 318,520</u>	<u>\$ 24,580</u>	<u>\$ 11,415</u>
LIABILITIES AND NET ASSETS				
Rental security deposit	\$ 500	\$ -	\$ -	\$ -
Net assets				
Unrestricted	185,419	318,520	-	-
Temporarily restricted	<u>-</u>	<u>-</u>	<u>24,580</u>	<u>11,415</u>
	<u>185,419</u>	<u>318,520</u>	<u>24,580</u>	<u>11,415</u>
	<u>\$ 185,919</u>	<u>\$ 318,520</u>	<u>\$ 24,580</u>	<u>\$ 11,415</u>

Community Improvement Corporation of Greene County
SCHEDULE OF ACTIVITIES BY ACCOUNT
Year ended December 31, 2003

	<u>CIC accounts</u>	<u>Campaign for Greene County accounts</u>	<u>CDBG Revolving Loan Fund account</u>	<u>Micro- enterprise Loan Fund account</u>
Revenues and support				
Greene County	\$ -	\$ 156,000	\$ -	\$ -
Greene County Community Foundation	-	8,300	-	-
Rents received	10,246	-	-	-
Interest income	784	3,579	114	-
Other income	<u>49</u>	<u>896</u>	<u>-</u>	<u>-</u>
	11,079	168,775	114	-
Program and administrative expenses				
Image promotion	-	56,180	-	-
Support services and staff development	-	89,300	-	-
Administration	7,359	714	-	-
Development projects	-	7,661	18,000	-
Rental property expenses	3,776	-	-	-
Depreciation	1,930	-	-	-
Bad debt expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,663</u>
Total expenses	<u>13,065</u>	<u>153,855</u>	<u>18,000</u>	<u>18,663</u>
Increase (decrease) in net assets	(1,986)	14,920	(17,886)	(18,663)
Net assets at January 1, 2003	89,072	321,100	42,466	30,078
Prior period adjustments	80,833	-	-	-
Inter-account transfers	<u>17,500</u>	<u>(17,500)</u>	<u>-</u>	<u>-</u>
Net assets at December 31, 2003	<u>\$ 185,419</u>	<u>\$ 318,520</u>	<u>\$ 24,580</u>	<u>\$ 11,415</u>

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

Board of Trustees
Community Improvement Corporation of Greene County

I have audited the financial statements of the Community Improvement Corporation of Greene County (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued my report thereon dated April 7, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Community Improvement Corporation of Greene County's financial statements are free of material misstatement, I performed tests of its compliance with certain laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Community Improvement Corporation of Greene County's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Harvey L. Harris, CPA

April 7, 2004



**Auditor of State
Betty Montgomery**

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**COMMUNITY IMPROVEMENT CORPORATION OF GREENE COUNTY
GREENE 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
FEBRUARY 15, 2005**