

Harrison County Community Improvement Corporation

Cadiz, Ohio

Audit Report

December 31, 2010



Dave Yost • Auditor of State

Board of Trustees
Harrison County Community Improvement Corporation
538 N. Main Street, Suite A
Cadiz, Ohio 43907

We have reviewed the *Independent Auditor's Report* of the Harrison County Community Improvement Corporation, Harrison County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2010 through December 31, 2010. 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 Harrison County Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 29, 2011

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Harrison County Community Improvement Corporation
Audit Report
December 31, 2010

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Independent Auditor's Report

To the Board of Trustees
Harrison County Community Improvement Corporation

We have audited the accompanying statement of financial position of Harrison County Community Improvement Corporation (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Harrison County Community Improvement Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harrison County Community Improvement Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harrison County Community Improvement Corporation as of December 31, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011 on our consideration of the Harrison County Community Improvement 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

S. R. Snodgrass, A.C.

Steubenville, Ohio
June 17, 2011

Harrison County Community Improvement Corporation
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$53,413
Accounts receivable	<u>3,950</u>
Total current assets	<u>57,363</u>

**COMPUTER EQUIPMENT, COMPUTER SOFTWARE, FURNITURE,
FIXTURES AND EQUIPMENT**

Computer equipment	11,705
Computer software	375
Furniture and fixtures	4,105
Office equipment	<u>4,336</u>
Total	20,521
Accumulated depreciation	<u>20,418</u>
Total computer equipment, computer software, furniture, fixtures and equipment, net	<u>103</u>

OTHER ASSETS

Land	<u>800</u>
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Total assets	<u>\$58,266</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 6,619
Total current liabilities	<u>6,619</u>

NET ASSETS

Unrestricted	<u>51,647</u>
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Total liabilities and net assets	<u>\$58,266</u>
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The accompanying notes are in integral part of these financial statements.

Harrison County Community Improvement Corporation
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
SUPPORT			
Fair Housing grant	\$ -	\$ 3,900	\$ 3,900
Total support	<u>-</u>	<u>3,900</u>	<u>3,900</u>
REVENUE			
Grant administration fees	76,421	-	76,421
Other	28,750	-	28,750
Net assets released from restriction	<u>3,900</u>	<u>(3,900)</u>	<u>-</u>
Total revenue	<u>109,071</u>	<u>(3,900)</u>	<u>105,171</u>
Total support and revenue	<u>109,071</u>	<u>-</u>	<u>109,071</u>
PROGRAM EXPENSES			
Contractual services	62,480	-	62,480
Administrative	3,810	-	3,810
Rent	1,800	-	1,800
Depreciation	427	-	427
Professional fees	<u>4,467</u>	<u>-</u>	<u>4,467</u>
Total expenses	<u>72,984</u>	<u>-</u>	<u>72,984</u>
Increase in Net Assets	36,087	-	36,087
Net Assets at Beginning of Year	<u>15,560</u>	<u>-</u>	<u>15,560</u>
Net Assets at End of Year	<u>\$ 51,647</u>	<u>\$ -</u>	<u>\$ 51,647</u>

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

Harrison County Community Improvement Corporation
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING ACTIVITIES

Change in net assets	\$36,087
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	427
Accounts receivable	43
Accounts payable	(3,083)
Other assets	<u>(800)</u>
Net cash provided by operating activities	<u>32,674</u>
Net increase in cash and cash equivalents	32,674
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>20,739</u>
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u><u>\$53,413</u></u>

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

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Harrison County Community Improvement Corporation is a nonprofit organization established for the purpose of advancing, encouraging and promoting the industrial, commercial, and civic development of Harrison County. It has accomplished this by acting as an agent of the Board of Harrison County Commissioners for administering grants. In turn, the organization receives an administration fee as compensation for the services rendered.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grant restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor or grantor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SUPPORT AND REVENUE - CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Account receivable are stated at unpaid balances.

**COMPUTER EQUIPMENT, COMPUTER SOFTWARE,
FURNITURE, FIXTURES AND EQUIPMENT**

Computer equipment, computer software, furniture, fixtures and equipment are carried at cost or donated fair value and include expenditures for major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which it is disposed. Depreciation is computed by the straight line method based upon the estimated useful lives of the assets.

Depreciation of \$427 has been charged to operations for the year ended December 31, 2010.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(4) and therefore has made no provision for federal income taxes in the accompanying financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

	<u>Per Bank</u>	<u>Per Books</u>
Huntington National Bank	<u>\$53,710</u>	<u>\$53,413</u>
Total cash and cash equivalents	<u>\$53,710</u>	<u>\$53,413</u>

3. SUPPORT AND REVENUE

During the year ended December 31, 2010, the Harrison County Community Improvement Corporation received support of \$3,900 from the Harrison County Commissioners as part of the Fair Housing Grant to be used for administration and contractual service expenses associated with educating county residents about equal opportunity housing. In addition to the Fair Housing Grant, the organization received \$105,171 in fees to administer CHIP, CDBG RLF – Septic Loan Program, loans, tax abatements, tax agreements and other various grants.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

4. CONTRACTUAL SERVICES

The Harrison County Community Improvement Corporation utilizes employees of Harrison County to administer the various grants. Traditionally, the organization reimburses the county for wages and related payroll taxes. For the year ended December 31, 2010 this amounted to \$62,480.

5. RENT

In April, 2002, Harrison County Community Improvement Corporation entered into an agreement with the Harrison County Commissioners to lease its present office space. For the calendar year ended 2010, rent paid was \$1,800. The lease is on a month by month basis.

6. CONCENTRATION OF CREDIT RISK

The Organization's programs are maintained in the Harrison County, Ohio geographical area. The performance of its operational activity is dependent on local economic conditions. In addition to geographical concentrations, the Organization receives approximately 35% of its unrestricted funding from CHIP Administration.

7. SUBSEQUENT EVENTS

The organization assessed events subsequent to December 31, 2010 through June 17, 2011 for potential recognition and disclosure in the financial statements. No events were identified that would require adjustment to or disclosure in the financial statements.

Subsequent to December 31, 2010, the Organization had appraisals done for the two plots of land they have available for sale. The appraiser gave each property an estimated fair market value of \$4,000 on February 25, 2011. The property was recorded in the Organization's reports at fair value at the time of receipt.

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

To the Board of Trustees
Harrison County Community Improvement Corporation

We have audited the financial statements of Harrison County Community Improvement Corporation (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Harrison County Community Improvement Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 Harrison County Community Improvement Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harrison County Community Improvement Corporation's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison County Community Improvement Corporation's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

S. R. Smodgrass, A.C.

Steubenville, Ohio
June 17, 2011



Dave Yost • Auditor of State

HARRISON COMMUNITY IMPROVEMENT CORPORATION

HARRISON 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
JULY 14, 2011**