



**Auditor of State  
Betty Montgomery**



**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Community Improvement Corporation  
Gallia County  
16 State Street  
P.O. Box 465  
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying general purpose financial statements of the Community Improvement Corporation, Gallia County, Ohio (the Corporation), as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation, Gallia County, as of December 31, 2002 and 2001, and the changes in net assets and cash flows for the years 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 August 7, 2003, 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 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 our audit.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

August 7, 2003

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**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**ASSETS:**

Current Assets:

Cash	\$	638,533
Investments - Certificates of Deposit		177,208
Total Current Assets		815,741

Noncurrent Assets:

Office Furniture and Fixtures		49,903
Leasehold Improvements		2,000
Building Improvements - Infocision		511,359
Southern Hills Project:		
Land and Improvements		91,368
Buildings		309,868
Equipment		268,345
Spec. Building		313,996
Land		2,221,838
Deposits		21
Less: Accumulated Depreciation		(68,074)
Total Noncurrent Assets		3,700,624

**TOTAL ASSETS**

**\$ 4,516,365**

**LIABILITIES AND NET ASSETS:**

Current Liabilities:

Payroll Taxes Payable		2,077
Deferred Insurance Proceeds		(49)
Notes Payable -		798,849
Total Current Liabilities		800,877

Long-Term Liabilities

Notes Payable		902,091
Total Long-Term Liabilities		902,091

**TOTAL LIABILITIES**

**\$ 1,702,968**

**CAPITAL**

Retained Earnings		2,765,298
Net Income		48,099
		2,813,397

**TOTAL CAPITAL**

**2,813,397**

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 4,516,365**

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

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**Changes in Unrestricted Net Assets:**

**Revenues:**

Memberships	\$ 545
Contributions	33,000
Grants	200,000
Interest Income	4,754
Service Contracts	21,584
Administrative Income	10,000
Rent	139,669
Miscellaneous	<u>1,882</u>
 Total Operating Revenues	 <u>411,434</u>

**Expenses:**

Project Expense	139,366
General and Administrative Expense	219,980
Interest Expense	26,655
Depreciation	18,086
Spec Building Cost Reimbursement	<u>(40,752)</u>
Total Operating Expenses	<u>363,335</u>

Increase in Unrestricted Net Assets	48,099
 Net Assets - January 1	 <u>2,765,298</u>
 <b>Net Assets - December 31</b>	 <b><u>\$ 2,813,397</u></b>

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



**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**Cash Flows from Operating Activities:**

Change in Net Assets	\$	48,099
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**Adjustments to Reconcile Changes in Net Assets to Net**

**Cash Provided by (Used by) Operating Activities:**

(Increase) Decrease in Accumulated Depreciation		18,082
(Increase) Decrease in Accounts Receivable		249,000
(Increase) Decrease in Interest Receivable		39,882
Increase (Decrease) in Short Term Notes Payable		646,289
Increase (Decrease) in Payroll Liabilities		2,077
Net Cash Provided by (Used by) Operating Activities		1,003,429

**Cash Flows from Investing Activities:**

Southern Hills Project		(669,581)
Spec Building		(313,996)
Building Improvements - Infocision		(8,923)
Building Improvements		193,480
Loan Fees		5,653
Improvements to Land		198,900
Net Cash Provided by (Used by) Investing Activities		(594,467)

**Cash Flows from Financing Activities:**

Proceeds of Debt Issuance		380,478
Principal Payment on Debt		(51,702)
Net Cash Provided by (Used by) Financing Activities		328,776

**Net Increase/(Decrease) in Cash**

		737,738
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Cash and Cash Equivalents at the January 1, 2001		78,003
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<b>Cash and Cash Equivalents at the December 31, 2001</b>	<b>\$</b>	<b>815,741</b>
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**Supplemental Disclosure Information:**

Interest Paid During the Year	<b>\$</b>	<b>26,655</b>
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*The notes to the financial statements are an integral part of this statement.*

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**ASSETS:**

Current Assets:

Cash	\$ 3,003
Investments - Certificates of Deposit	75,000
Accounts Receivable	249,000
Interest Receivable	39,882
Total Current Assets	<u>366,885</u>

Noncurrent Assets:

Office Furniture and Fixtures	49,903
Leasehold Improvements	2,000
Building Improvements - Infocision	660,915
Capitalized loan fees	5,653
Equipment - Southern Hills Project	198,900
Land	2,256,838
Deposits	21
Less: Accumulated Depreciation	(49,992)
Total Noncurrent Assets	<u>3,124,238</u>

**TOTAL ASSETS**

**\$ 3,491,123**

**LIABILITIES AND NET ASSETS:**

Current Liabilities:

Deferred Insurance Proceeds	(49)
Notes Payable -	152,561
Total Current Liabilities	<u>152,512</u>

Long-Term Liabilities

Notes Payable	573,313
Total Long-Term Liabilities	<u>573,313</u>

**TOTAL LIABILITIES**

**\$ 725,825**

**CAPITAL**

Retained Earnings	2,835,789
Net Income	(70,491)

**TOTAL CAPITAL**

**2,765,298**

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 3,491,123**

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

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**Changes in Unrestricted Net Assets:**

**Revenues:**

Memberships	\$ 550
Contributions	1,500
Grants	133,981
Interest Income	42,610
Chamber Service Contracts	15,620
Rent	110,310
Miscellaneous	<u>1,100</u>
 Total Operating Revenues	 <u>305,671</u>

**Expenses:**

Project Expense	40,958
General and Administrative Expense	284,750
Interest Expense	33,858
Depreciation	<u>16,596</u>
 Total Operating Expenses	 <u>376,162</u>

Increase in Unrestricted Net Assets (70,491)

Net Assets - January 1 2,835,789

**Net Assets - December 31 \$ 2,765,298**

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

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ (70,491)
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used by) Operating Activities:</b>	
(Increase) Decrease in Accumulated Depreciation	16,596
(Increase) Decrease in Interest Receivable	(39,290)
(Increase) Decrease in Deferred Insurance Proceeds	(48)
Increase (Decrease) in Short Term Notes Payable	152,561
Net Cash Provided by (Used by) Operating Activities	<u>59,328</u>
<b>Cash Flows from Investing Activities:</b>	
Southern Hills Project	(198,900)
Building Improvements - Infocision	(207,567)
Purchase of Furniture and Fixtures	(1,657)
Decrease in Land Option Deposits	110
Loan Fees	(5,654)
Net Cash Provided by (Used by) Investing Activities	<u>(413,668)</u>
<b>Cash Flows from Financing Activities:</b>	
Proceeds of Debt Issuance	493,093
Principal Payment on Debt	(186,444)
Net Cash Provided by (Used by) Financing Activities	<u>306,649</u>
<b>Net Increase/(Decrease) in Cash</b>	(47,691)
Cash and Cash Equivalents at the January 1, 2001	125,694
<b>Cash and Cash Equivalents at the December 31, 2001</b>	<u><u>\$ 78,003</u></u>
<b>Supplemental Disclosure Information:</b>	
Interest Paid During the Year	<u><u>\$ 33,858</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Community Improvement Corporation, Gallia County (the Corporation), is a not-for-profit corporation and was incorporated on December 2, 1964, under authority of Ohio Rev. Code Section 1702.01. The Corporation is governed by an appointed Board of Trustees, comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage, and promote the industrial, economic, commercial and civic development of Gallia County, Ohio.

The Corporation's management believes the financial statements present all activities for which the Corporation is financially accountable.

**B. Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis.

In 1994, the Corporation adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations" (SFAS No. 117). The statement of the new standards have been applied to the year presented.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.
- **Permanently restricted net assets** - Net assets subject to donor-imposed stipulation that they be maintained permanently or until all donor imposed restrictions are met by the organization. Generally, the donors of these assets permitted organization to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2002, all assets were unrestricted.

**C. Tax Status**

The Corporation has been recognized by the State of Ohio as a tax exempt organization and by the Internal Revenue Service as a Section 501(C)(4) nonprofit organization. Accordingly, the federal tax status would reflect the Corporation's tax exempt status. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Depreciation**

The organization provides for depreciation in amounts adequate to amortize costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight line method for both financial book and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles. Depreciation charged to operations was \$18,086 and \$16,596 for the years ended December, 31, 2002 and 2001 respectively.

**E. Use of Estimates**

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

**2. Property, Plant and Equipment**

Property and equipment and related accumulated depreciation at December 31, 2002 and 2001 are as follows:

	<b>2002</b>	<b>2001</b>
Land and Improvements	\$ 2,313,206	\$ 2,256,838
Buildings	1,135,223	660,915
Furniture, Fixtures and Equipment	320,248	250,803
Less Accumulated Depreciation	(68,074)	(49,992)
Total	<b>\$ 3,700,603</b>	<b>\$ 3,118,564</b>

**3. Industrial Park**

This property consists of raw land and development costs expended to date on the industrial park and sewer project on State Route 850 in Gallia County, Ohio.

**4. Cash and Investments**

The Corporation maintains a checking account, savings account and certificate of deposit. The carrying amount of cash at December 31 was as follows:

	2002	2001
Demand deposits	\$638,533	\$3,003
Certificates of deposit	177,208	75,000
Total deposits and investments	<b>\$815,741</b>	<b>\$78,003</b>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. Deposits in excess of \$100,000 are uninsured.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. Debt**

Notes Payable at December 31, 2002, were as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Infocision phase I -Oak Hill Banks	\$ 194,121	7.50%
Infocision phase II - Oak Hill Banks	38,389	7.50%
John Cornett	74,600	8%
ODOD Loan	700,000	3%
Line of Credit -Ohio Valley Bank	24,249	4.75%
Southern Hills Project I - Ohio Valley Bank	600,000	7.99%
Southern Hills Project II - Ohio Valley Bank	69,581	7.99%
Total	\$ 1,700,940	

The notes for Infocision phase I and Infocision phase II were approved to finance improvements to the leased Cornett Building, which was subleased to Infocision Management Corporation. The note is secured by the assignment of the lease from Infocision to the Corporation.

The Loan from John Cornett was approved to finance building improvements on the infocision building.

The Ohio Department of Development note payable was approved for the purpose of constructing a speculative building as well as for infrastructure improvements on a site in the Dan Evans Industrial Park. Repayment does not commence until year six of the loan, or fiscal year 2008.

The Line of Credit from Ohio Valley Bank was approved to pay for necessary equipment or labor needed for improvements in the Industrial park. The Corporation draws funds as needed and pays back to the line of credit upon the receipt of an invoice by the lender.

The Southern Hills project funded by Ohio Valley bank was approved purpose of constructing a building and purchasing equipment which will, at completion, be sold to the Southern Hills Cabinetry Company. The Corporation draws funds as needed and pays back to the line of credit upon the receipt of an invoice by the lender. Regular payments for the \$600,000 loan commence in May, 2003

The Amortization of the Infocision Notes Payable and Notes Payable to John Cornett, including interest, is scheduled as follows:

Year Ending December 31,	Infocision Phase I	Infocision Phase II	John Cornett
2003	\$204,444	\$17,475	\$35,154
2004	0	17,475	35,154
2005	0	7,086	11,718
Total	204,444	42,036	82,026
Less Interest	(10,323)	(3,647)	(7,426)
	\$194,121	\$38,389	\$74,600

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. Operating Leases**

The Corporation leases office facilities under a one year lease for \$833 per month. Total lease expense was \$9,996 for the years ended December 31, 2002 and 2001.

The Corporation entered into a vehicle lease with Norris Northup Dodge during 2000 for \$715 per month to provide a car for the Director. The CIC opted for a different car in 2002 which reduced the lease payments to \$615 per month. The lease was terminated and the vehicle was returned in June, 2002 upon termination of the director's employment. Total lease expense was \$4,193 and \$8,518 for the years ended December 31, 2002 and 2001, respectively.

The Corporation entered into a building lease with John L. and Ann Cornett and George R. and Margaret Cornett on August 8, 2000, for a period of two years for \$1,000 per month. Total lease expense for each 2002 and 2001 was \$12,000. Subsequently, the Corporation subleased the building to Infocision Management Corporation, for \$5,758 per month. Beginning June, 2001, the lease amount increased to \$10,744 per month due to increased space incorporated into the lease agreement. Total amount of lease income was \$110,310 and \$128,925 for the years ended December 31, 2002 and 2001, respectively.

**7. Advertising and Marketing**

The Corporation's policy is to currently expense all advertising and marketing costs as the benefit is directly related to current periods with minimal future benefit.

**8. Contingencies**

**Concentration of Funding Sources - Grants**

The Corporation receives a majority of its support from federal, state and local grants. Should those grants cease to be available, the Corporation's ability to operate would be significantly restricted. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation at December 31, 2002.





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Community Improvement Corporation  
Gallia County  
16 State Street  
P.O. Box 465  
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the general purpose financial statements of the Community Improvement Corporation, Gallia County, Ohio (the Corporation), as of and for the year ended December 31, 2002 and 2001 and have issued our report thereon dated August 7, 2003. 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.

#### Compliance

As part of obtaining reasonable assurance about whether Corporation's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Corporation in a separate letter dated August 7, 2003.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Corporation in a separate letter dated August 7, 2003.

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Community Improvement Corporation  
Gallia County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*

Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 7, 2003



**Auditor of State  
Betty Montgomery**

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**COMMUNITY IMPROVEMENT CORPORATION**

**GALLIA 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  
SEPTEMBER 30, 2003**