

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO INC.
(An Ohio Non-Profit Corporation)**

**FINANCIAL STATEMENTS
For The Year Ended December 31, 2007**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Henry County Community Improvement Corporation, prepared by Luderman & Konst, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Henry County Community Improvement Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 27, 2007

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**COMMUNITY IMPOROVEMENT CORPORATION
OF HENRY COUNTY, OHIO INC.**

(An Ohio Non-Profit Organization)

**FINANCIAL STATEMENTS
For the Year Ended December 31, 2007**

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Luderman & Konst, Inc.
 Certified Public Accountants

May 26, 2008

Board of Directors
 Community Improvement Corporation of Henry County, Ohio, Inc.
 Napoleon, Ohio 43545

Independent Auditor's Report

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Henry County (a Nonprofit Organization) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 the Community Improvement Corporation of Henry County as of December 31, 2007, 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, we have also issued our report dated May 26, 2008, on our consideration of the Community Improvement Corporation of Henry County, Ohio, Inc.'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 read in conjunction with this report in considering the results of our audit.

Luderman & Konst, Inc.

Luderman & Konst, Inc.
 Certified Public Accountants

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2007**

ASSETS

CURRENT ASSETS

Cash	\$ 647,330
Accounts Receivable	5,216
Notes Receivable	8,000
Total Current Assets	<u>\$ 660,546</u>

PROPERTY AND EQUIPMENT

Furniture & Fixtures	\$ 15,196
Leasehold improvements	47,144
Land	132,252
Land Improvements	411,651
	<u>\$ 606,243</u>
Less Accumulated Depreciation	(144,149)
Net Property And Equipment	<u>\$ 462,094</u>

OTHER ASSETS

Notes Receivable	14,575
Total Other Assets	<u>\$ 14,575</u>

TOTAL ASSETS \$ 1,137,215

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 13,591
Notes Payable-Current Portion	13,413
Advances Payable	5,819
Total Current Liabilities	<u>\$ 32,823</u>

LONG-TERM LIABILITIES

Notes Payable, Less Current Portion	<u>\$ 694,299</u>
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TOTAL LIABILITIES

\$ 727,122

NET ASSETS

Unrestricted	\$ (140,886)
Temporarily Restricted	550,979
Total Net Assets	<u>\$ 410,093</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,137,215

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007**

UNRESTRICTED NET ASSETS**SUPPORT**

Contributions From Participating Governmental Units	\$ 179,000
Revenue Pass Through	622,415
In-Kind Contributions	66,920
Memberships	24,830
Interest	3,738
Administrative Fees	5,938
Program Fees	44,840
Miscellaneous Income	910
Total Unrestricted Support	\$ 948,591
Net Assets Released From Restrictions	
Restrictions Satisfied By Payments	\$ 113,463
Total Unrestricted Support And Reclassifications	\$ 1,062,054

EXPENSES

Program Expenses	
Community Involvement/Projects	\$ 408
Infrastructure Projects	113,463
Total Program Expenses	\$ 113,871
General Supporting Expenses	
Advertising	\$ 6,465
Bad Debts	300
Conference And Seminars	910
Depreciation	29,744
Dues And Subscriptions	873
Expense Pass Through	622,415
Fundraising	61,000
Insurance	2,859
Interest	70,662
Legal And Accounting	8,315
Office	8,186
Rent - Office	5,200
Taxes - Property	4,169
Telephone	3,681
Travel And Entertainment	8,599
Wages	112,077
Total General Supporting Expenses	\$ 945,455
Total Expenses	\$ 1,059,326
Increase In Unrestricted Net Assets	\$ 2,728

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
STATEMENTS OF ACTIVITIES
For The Year Ended December 31, 2007**

TEMPORARILY RESTRICTED NET ASSETS

Support

Infrastructure Funds

\$ 93,659

Interest

2,259

Net Assets Released From Restrictions

(113,463)

Decrease In Temporarily Restricted Net Assets

(17,545)

CHANGE IN NET ASSETS

(14,817)

NET ASSETS, BEGINNING OF YEAR

\$ 424,910

NET ASSETS, END OF YEAR

\$ 410,093

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES

Change In Net Assets	\$ (14,817)
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Depreciation	29,744
Decrease In Accounts Receivable	6,358
Increase In Accounts Payable	8,211
Increase In Advances Payable	5,819
Decrease In Accrued Expenses	(660)
	34,655
Net Cash Provided By Operating Activities	\$ 34,655

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds From Notes Receivable	\$ 16,500
Purchase Of Property & Equipment	(1,994)
	14,506
Net Cash Provided By Investing Activities	\$ 14,506

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments On Long Term Debt	\$ (119,475)
	(119,475)
Net Cash Used In Financing Activities	\$ (119,475)

<u>NET DECREASE IN CASH</u>	\$ (70,314)
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<u>CASH AT BEGINNING OF YEAR</u>	717,644
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<u>CASH AT END OF YEAR</u>	\$ 647,330
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SUPPLEMENTAL INFORMATION:

Cash Paid During The Year For Interest	\$ 70,662
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**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities – The Community Improvement Corporation of Henry County, Ohio, Inc. is a nonprofit corporation chartered under applicable laws of the State of Ohio. No individuals or corporations hold any equity interest therein. The purpose of the Organization is to promote economic development in Henry County, Ohio. The Organization's basic programs include advertising in industrial development publications, assisting businesses in obtaining incentives to expand or locate in Henry County, Ohio, and administering incentive programs for taxing authorities and related businesses.

Basis Of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its 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.

Contributions – The Organization also follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed Services and Facilities – In-kind contributions are recorded as revenue and expenses in the accompanying statements of activities. In-kind contributions consist of wages being partially paid by Henry County, Ohio and the use of office facilities. The estimated fair value of the wages and office facilities was \$ 66,920 for year ended December 31, 2007.

Property and Equipment – Property and equipment are stated at cost. Depreciation for financial reporting and for federal tax reporting is computed using the straight-line method over the asset's estimated useful life. The Organization capitalizes all acquisitions in excess of \$500. For the year ended December 31, 2007 depreciation expense was \$ 29,744.

Cash And Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Management 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status – The Organization is a not-for-profit Organization that the Internal Revenue Service has determined to be exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Organization is classified as other than a private foundation.

Expense Allocation – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Restricted And Unrestricted Revenue – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the Organization.

The Board of Trustees has discretionary control of the unrestricted net assets to use in the activities of the Organization.

Advertising – Advertising costs are charged to expense as incurred. The Organization's advertising costs totaled \$ 6,465 for the year ended December 31, 2007.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The allowance for bad debts for the years ended December 31, 2007 is –0-.

NOTE 2 – CASH

Cash consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Checking	\$ 37,493	\$ 0
Savings	13,093	528,404
Certificates Of Deposits	<u>62,521</u>	<u>0</u>
Total	<u>\$ 113,107</u>	<u>\$ 528,404</u>

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 3 – NOTES RECEIVABLE

Notes Receivable consists of the following:

Notes receivable from A & J, LLC, dated July 29, 2004, due in 60 months, interest at 0% on the unpaid balance. Unsecured.

\$ 3,500

Note receivable from Harrison Township, dated November 7, 2003 and January 30, 2004, due in 84 months, interest at 0% on the unpaid balance. Unsecured.

19,075

22,575

Amount due within one year

8,000

Amount due after one year

\$ 14,575

NOTE 4 – NOTES PAYABLE

Notes Payable consists of the following:

Note payable to The Henry County Bank (line of credit), limited to an amount not to exceed \$2,200,000, dated December 27, 2002, due January 27, 2028. Payable in Monthly installments of \$6,912 beginning February 5, 2005 including interest at prime rate + 1% (8.25% at December 31, 2006). Secured by commercial property located at 1650 Commerce Drive, Napoleon, Ohio.

\$ 707,712

Total notes payable

707,712

Less current portion

13,413

Long term obligations

\$ 694,299

Maturities of long-term obligations are as follows:

Years Ending December 31

2008	\$ 13,413
2009	14,599
2010	15,889
2011	17,294
2012	18,822
Thereafter	<u>614,282</u>
	<u>\$ 694,299</u>

**COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 5 – NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include infrastructure funds and are available once any donor-imposed conditions have been met.

Cash	\$ 528,404
Notes Receivable	<u>22,575</u>
Total	<u>\$ 550,979</u>

NOTE 6 – CONCENTRATION

Approximately 55% of the organization's revenue (excluding pass-thru) is from the City of Napoleon.

NOTE 7 – ADVANCES PAYABLE

The Organization has acts as a liaison between a local government entity and an engineer. The engineer bills are received by the Organization and the entity forwards money to the Organization to pay the bills. This balance represents the balance in a separate checking account.

NOTE 8 – FUNDRAISING

During 2007 the Organization hired a professional fundraiser and entered into a contract for assistance in a major fundraising campaign. The goal of the campaign was to raise \$500,000 over the next 5 years. The campaign did not do as well as planned and is expected to generate \$250,000 over the next 5 years. These pledges represent intentions to give because the donor has the option to modify or cancel the pledge at any time. Approximately \$25,000 was collected towards these pledges in 2007. The entire cost of the campaign is \$61,000 and was paid in 2007. In addition to cash pledges, the organization received approximately \$38,000 of non cash pledges which included advertising, sponsorship of radio show, printing and engineering. These will be recognized as expense when used. Nothing was recognized in 2007.

Supplemental Information



Luderman & Konst, Inc.

Certified Public Accountants

**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'**

May 26, 2008

To The Board of Trustees Of
The Community Improvement Corporation of Henry County, Ohio, Inc.

We have audited the financial statements of the Community Improvement Corporation of Henry County, Ohio, Inc. (a Nonprofit Organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated May 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 the Organization'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. See significant deficiencies 2007-1.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weakness. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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To The Board of Trustees Of
The Community Improvement Corporation of Henry County, Ohio, Inc.
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Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Community Improvement Corporation of Henry County, Ohio, Inc. in a separate letter dated May 26, 2008.

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

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


Luderman & Konst, Inc.
Certified Public Accountants
May 26, 2008

**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY, OHIO, INC.
SCHEDULE OF FINDINGS AND RESPONSE
DECEMBER 31, 2007**

SIGNIFICANT DEFICIENCY 2007-1

Financial statements given to us at the beginning of the audit were not materially correct.

Since the financial statements are relied upon by management, we are concerned they may not have accurate information upon which to make these management decisions.

AUDITEE RESPONSE

Auditee has consulted and will continue to consult with Penrod & George, an independent, licensed accounting firm so that future financial statements are correct. Auditee is not providing any erroneous financial statements to the board, and resultantly, the board and management have not relied and will not rely upon any erroneous financial statements in making management decisions.



Mary Taylor, CPA
Auditor of State

HENRY COUNTY COMMUNITY IMPROVEMENT CORPORATION

HENRY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 15, 2008**