

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

***FINANCIAL STATEMENTS
For The Years Ended December 31, 2013 and 2012***



Dave Yost • Auditor of State

Board of Directors
Community Improvement Corporation of Henry County
104 E. Washington Street
Napoleon, Ohio 43545

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Henry County, Henry County, prepared by Luderman & Konst, Inc., for the audit period January 1, 2013 through December 31, 2013. 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 Henry County 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 10, 2014

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**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO**

(An Ohio Non-Profit Organization)

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012**

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Luderman & Konst, Inc.
 Certified Public Accountants

April 17, 2014

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Improvement Corporation of Henry County, Ohio (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, Ohio, as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2014, on our consideration of The Community Improvement Corporation of Henry County, Ohio's internal control over financial reporting and on 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 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 Community Improvement Corporation of Henry County, Ohio's internal control over financial reporting and compliance.

Luderman & Konst, Inc.

Luderman & Konst, Inc.
Defiance, Ohio
Certified Public Accountants
April 17, 2014

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF FINANCIAL POSITION
December 31,**

ASSETS

<u>CURRENT ASSETS</u>	2013	2012
Cash	\$ 280,005	\$ 255,560
Accounts Receivable-Net	0	6,030
Notes Receivable-Net	29,426	5,745
Total Current Assets	<u>309,431</u>	<u>267,335</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture & Fixtures	10,558	10,558
Less Accumulated Depreciation	(9,903)	(9,534)
Net Property And Equipment	<u>655</u>	<u>1,024</u>
 <u>OTHER ASSETS</u>		
Notes Receivable	16,364	18,535
Total Other Assets	<u>16,364</u>	<u>18,535</u>
 <u>TOTAL ASSETS</u>	 \$ 326,450	 \$ 286,894

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 402	\$ 0
Accrued Vacation	3,285	1,504
Total Current Liabilities	<u>3,687</u>	<u>1,504</u>
 <u>TOTAL LIABILITIES</u>	 3,687	 1,504
 <u>NET ASSETS</u>		
Unrestricted	149,896	116,355
Temporarily Restricted	172,867	169,035
Total Net Assets	<u>322,763</u>	<u>285,390</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 \$ 326,450	 \$ 286,894

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF ACTIVITIES
For The Years Ended December 31,**

UNRESTRICTED NET ASSETS**SUPPORT**

	<u>2013</u>	<u>2012</u>
Contributions From Participating Governmental Units	\$ 29,000	\$ 29,000
In-Kind Contributions	69,200	69,200
Memberships	22,850	42,400
Interest	85	136
Administrative Fees	52,110	25,775
Program Fees	7,816	7,399
Total Unrestricted Support	<u>181,061</u>	<u>173,910</u>
Net Assets Released From Restrictions		
Restrictions Satisfied By Payments	40,850	34,300
Total Unrestricted Support And Reclassifications	<u>221,911</u>	<u>208,210</u>

EXPENSES

Program Expenses		
Community Involvement/Projects	16	6,083
Infrastructure Projects	38,050	34,300
Total Program Expenses	<u>38,066</u>	<u>40,383</u>
General Supporting Expenses		
Advertising	1,455	3,022
Bad Debts	1,080	0
Conference And Seminars	1,795	149
Consulting	10,868	19,722
Depreciation	369	526
Dues And Subscriptions	1,475	1,165
Insurance	2,219	2,219
Legal And Accounting	6,330	8,704
Miscellaneous	20	34
Office	4,347	4,728
Rent - Office	5,200	5,200
Telephone	3,371	3,201
Travel And Entertainment	1,924	2,566
Wages & Benefits	109,851	118,353
Total General Supporting Expenses	<u>150,304</u>	<u>169,589</u>
Total Expenses	<u>188,370</u>	<u>209,972</u>
Increase (Decrease) In Unrestricted Net Assets	\$ 33,541	\$ (1,762)

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF ACTIVITIES
For The Years Ended December 31,**

TEMPORARILY RESTRICTED NET ASSETS

	2013	2012
Support		
Infrastructure Funds	\$ 44,169	\$ 40,509
Interest	513	596
Net Assets Released From Restrictions	<u>(40,850)</u>	<u>(34,300)</u>
Increase In Temporarily Restricted Net Assets	<u>3,832</u>	<u>6,805</u>
<u>CHANGE IN NET ASSETS</u>	37,373	5,043
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>285,390</u>	<u>280,347</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 322,763</u>	<u>\$ 285,390</u>

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
STATEMENTS OF CASH FLOWS
For The Years Ended December 31,**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2013</u>	<u>2012</u>
Change In Net Assets	\$ 37,373	\$ 5,043
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES:		
Depreciation	369	526
Decrease (Increase) In Accounts Receivable	6,030	(1,556)
Increase (Decrease) In Accounts Payable	402	(6,331)
Increase (Decrease) In Accrued Vacation	1,781	(8,279)
Net Cash Provided By (Cash Used) In Operating Activities	<u>45,955</u>	<u>(10,597)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds From Notes Receivable	8,525	3,517
Issuance Of Notes Receivable	(30,035)	(14,058)
Purchase of Equipment	0	(900)
Net Cash Used In Investing Activities	<u>(21,510)</u>	<u>(11,441)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>24,445</u>	<u>(22,038)</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>255,560</u>	<u>277,598</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 280,005</u>	<u>\$ 255,560</u>

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities – The Community Improvement Corporation of Henry County, Ohio 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 ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, 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.

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, use of office facilities, and some advertising. The estimated fair value of the wages, office facilities, and advertising was \$ 69,200 for both years ended December 31, 2013 and 2012.

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.

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.

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

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. The Organization's federal Exempt Organization Business Income Tax Returns for 2010, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

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 Directors 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.

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 year ended December 31, 2012 is \$ 1,720.

NOTE 2 – CASH

At December 31, 2013, cash consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Checking	\$ 89,933	\$ 0
Savings	27,344	127,077
Certificates Of Deposits	35,651	0
Total	<u>\$ 152,928</u>	<u>\$ 127,077</u>

**THE COMMUNITY IMPROVEMENT CORPORATION
OF HENRY COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012**

NOTE 2 – CASH-CONTINUED

At December 31, 2012, cash consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Checking	\$ 47,890	\$ 0
Savings	27,332	144,755
Certificates Of Deposits	35,583	0
Total	<u>\$ 110,805</u>	<u>\$ 144,755</u>

NOTE 3 – NOTES RECEIVABLE

The Organization is encouraging expansion of local businesses by making low interest loans. The loans are made from temporarily restricted infrastructure funds. The loans are secured by the equipment and inventory purchased and are personally guaranteed by the borrowers. 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 notes receivable. The allowance for bad debts for the year ended December 31, 2013 is \$ 2,800. Terms of the loans are as follows:

	<u>12-31-13</u>	<u>12-31-12</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Due Date</u>
Country Gourmet	\$ 7,678	\$ 10,921	3.75 %	274.56	08-16
631 N. Perry Corporation	8,919	0	2.00 %	286.43	08-16
John Donovan	20,000	0	0.00 %		01-14
Go Green 4 Power	5,016	6,417	0.00 %	116.67	08-17
Tammy's Tiny Tack Shop	6,977	6,942	0.00 %	116.67	08-17
Total	\$ 48,590	\$ 24,280			
Less: Allowance	<u>(2,800)</u>	<u>0</u>			
Net Notes Receivable	45,790	24,280			
Less: Current Portion	<u>(29,426)</u>	<u>(5,745)</u>			
Long Term Portion	<u>\$ 16,364</u>	<u>\$ 18,535</u>			

NOTE 4 – 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. At December 31, 2013, \$172,867 of temporarily restricted net assets consists of cash totaling \$127,077 and notes receivable totaling \$ 45,790. At December 31, 2012, \$ 169,035 of temporarily restricted net assets consists of cash totaling \$ 144,755 and notes receivable totaling \$ 24,280.

NOTE 5 – CONCENTRATION

Approximately 59% (42% in 2012) of the Organization's revenue (excluding pass-thru) is from the City of Napoleon and Henry County Commissioners.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 17, 2014, which is the date the financial statements were available to be issued.

Supplemental Information



Luderman & Konst, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S 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
April 17, 2014

Board of Directors

The Community Improvement Corporation of Henry County, Ohio

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, the financial statements of The Community Improvement Corporation of Henry County, Ohio (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Community Improvement Corporation of Henry County, Ohio's internal control over financial reporting (internal control) to determine the 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 Community Improvement Corporation of Henry County, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 the 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 may exist that have not been identified.

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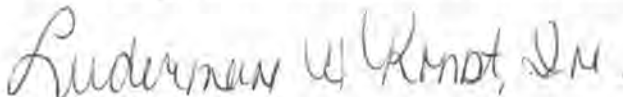
To The Board of Directors Of
The Community Improvement Corporation of Henry County, Ohio
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Community Improvement Corporation of Henry County, Ohio'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 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.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Luderman & Konst, Inc.
Defiance, Ohio
Certified Public Accountants
April 17, 2014

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Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY

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
JUNE 24, 2014**