



**COMMUNITY IMPROVEMENT
CORPORATION OF HENRY COUNTY
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022-2021

**OHIO AUDITOR OF STATE
KEITH FABER**



**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY
HENRY COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statement of activities, statement of cash flows, and statement of functional expenses for the years ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Efficient • Effective • Transparent

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, 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 grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 12, 2023

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Community Improvement Corporation of Henry County
Henry County
Statement of Financial Position
December 31, 2022

Assets

Current assets:

| | |
|--|----------------|
| Cash and cash equivalents | \$ 208,896 |
| Prepaid expenses | 1,503 |
| Cash restricted for economic development | 112,272 |
| <i>Total current assets</i> | <u>322,671</u> |

Noncurrent assets:

| | |
|---------------------------------|------------|
| Depreciable capital assets, net | 106 |
| <i>Total noncurrent assets</i> | <u>106</u> |

Total assets \$ 322,777

Liabilities

Current liabilities:

| | |
|------------------|---------------|
| Accrued expenses | <u>\$ 657</u> |
|------------------|---------------|

Net assets

| | |
|---------------------------------------|----------------|
| Net assets with donor restrictions | 112,272 |
| Net assets without donor restrictions | <u>209,848</u> |

Total net assets 322,120

Total liabilities and net assets \$ 322,777

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

Community Improvement Corporation of Henry County
Henry County
Statement of Activities
For the Year Ended December 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------|-------------------------------|----------------------------|--------------------------|
| <u>Revenue:</u> | | | |
| Public and private support | \$ 174,362 | \$ 1,064 | \$ 175,426 |
| Administrative fees | 1,112 | - | 1,112 |
| Interest income | 61 | 26 | 87 |
| Other | 2,188 | - | 2,188 |
| Total revenue | <u>177,723</u> | <u>1,090</u> | <u>178,813</u> |
| <u>Expenses:</u> | | | |
| Economic development | 104,273 | - | 104,273 |
| Support services: | | | |
| Management and general | 61,530 | - | 61,530 |
| Total expenses | <u>165,803</u> | <u>-</u> | <u>165,803</u> |
| Change in net assets | 11,920 | 1,090 | 13,010 |
| Net assets at beginning of year | <u>197,928</u> | <u>111,182</u> | <u>309,110</u> |
| Net assets at end of year | <u><u>\$ 209,848</u></u> | <u><u>\$ 112,272</u></u> | <u><u>\$ 322,120</u></u> |

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

Community Improvement Corporation of Henry County

Henry County

*Statement of Functional Expenses
For the Year Ended December 31, 2022*

| | 2022 | | |
|------------------------|---------------------------------|--------------------------------|---------------------------|
| | <u>Economic Development</u> | <u>Supporting Services</u> | <u>Total Expenses</u> |
| Advertising | \$ 1,731 | \$ 5,191 | \$ 6,922 |
| Com Inv/Projects | 90 | - | 90 |
| Conferences & Seminars | - | 4,042 | 4,042 |
| Depreciation Expense | 44 | 43 | 87 |
| Dues & Subscriptions | 1,950 | - | 1,950 |
| Insurance | - | 2,633 | 2,633 |
| Legal & Accounting | 709 | 2,126 | 2,835 |
| Miscellaneous | - | 335 | 335 |
| Office Supplies | 1,224 | 2,856 | 4,080 |
| Rent | 3,100 | 3,100 | 6,200 |
| Telephone | 119 | 119 | 238 |
| Travel & Entertainment | 414 | 965 | 1,379 |
| Wages & Benefits | 93,613 | 40,120 | 133,733 |
| Workforce Development | 1,279 | - | 1,279 |
| | <u>\$ 104,273</u> | <u>\$ 61,530</u> | <u>\$ 165,803</u> |

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

Community Improvement Corporation of Henry County

Henry County

Statement of Cash Flows

For the Year Ended December 31, 2022

| | |
|--|--------------------------|
| Cash flows from operating activities: | |
| Cash received for contributions and donations | \$ 178,813 |
| Cash payments for employee services and benefits | (133,646) |
| Cash payments to suppliers for goods and services | (32,486) |
| Net cash provided by operating activities | <u>12,681</u> |
| Net increase in cash and cash equivalents | 12,681 |
| Cash and cash equivalents at beginning of year | <u>308,487</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 321,168</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 13,010 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 87 |
| Change in assets and liabilities: | |
| (Increase) in assets: | |
| Prepaid expenses | (503) |
| Increase in liabilities: | |
| Accrued expenses | 87 |
| Net cash provided by operating activities | <u><u>\$ 12,681</u></u> |

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

Community Improvement Corporation of Henry County
Henry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The Community Improvement Corporation of Henry County, Ohio (the Corporation) 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 Corporation is to promote economic development in Henry County, Ohio. The Corporation'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 Accounting

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

Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

Net assets with donor restrictions Net assets that are subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

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

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, 2022 is \$0.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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 Corporation capitalizes all acquisitions in excess of \$500.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed Services and Facilities

In-kind contributions are recorded as revenue and expenses in the accompanying statements of functional expenses. 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 \$73,400 for the year ended December 31, 2022.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. The expenses that have been allocated are advertising, legal and accounting, office supplies, travel and entertainment, and wages and benefits, which are allocated on the basis of estimates of time and effort: depreciation, rent, and telephone, which are allocated on square footage basis.

Advertising

Advertising costs are charged to expense as incurred.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Income Tax Status – The Corporation is exempt from income taxes under IRC section 501(c)(6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Corporation has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. It has been classified as a Corporation other than a private foundation.

Note 2 – Availability and Liquidity

The following represents the Corporation’s financial assets at December 31, 2022:

| | |
|--|-------------------------|
| | <u>2022</u> |
| Financial assets at year end | |
| Cash and cash equivalents | \$208,896 |
| Cash restricted for economic development | <u>112,272</u> |
| Total financial assets | <u>321,168</u> |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | <u>112,272</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u><u>\$208,896</u></u> |

The Corporation receives donor-restricted contributions. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Corporation must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2022. As part of the Corporation’s liquidity management plan, cash in excess of daily requirements are invested in savings accounts and certificate of deposits. Cash restricted for economic development are invested in savings accounts.

Note 3 – Nature and Amount of Net Assets with Donor Restrictions

Net assets with donor restrictions include funds that are restricted specifically for infrastructure and economic development in Henry County. The primary source of the funds is negotiated through Enterprise Zone Agreements / Community Investment Agreements with various municipalities in Henry County. The agreements can specify that a donation will be made to the Corporation for infrastructure and economic development

The primary use of the funds is restricted to assisting companies, mainly manufacturing, in establishing infrastructure needs such as water, sewer, roads, etc. Funds can be used for both off-site and on-site needs, with off-site needs being a priority. Creation of jobs and investment will be prime criteria. While increased manufacturing is the major focus, the review committee can consider other projects.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 3 – Nature and Amount of Net Assets with Donor Restrictions (continued)

A committee will review requests for uses of the funds and make recommendations to the appropriate municipality Council or County Commissioners for action. The committee can be made up of various individuals including municipality representatives, clerks, and the CIC Director. The CIC will handle requests for funds, schedule review meetings, and prepare information for Council/Commissioner action.

Each committee will establish the criteria / guidelines to be approved by the Council / Commissioners for review of requests. Some factors to be considered include company investment level, job retention and creation, tax revenues generated, use of other state and local funding sources, and impact of municipality among others. Funds cannot be allocated without Council approval.

At December 31, 2022 net assets with donor restrictions consists of cash totaling \$112,272.

Note 4 – Nature and Amount of Net Assets without Donor Restrictions

Net assets without donor restrictions include cash and fixed assets that are available to the Corporation to use at its own discretion to meet the Corporation's objectives. Net assets without donor restrictions were \$209,848 for the year ended December 31, 2022.

Note 5 - Concentration

Approximately 64% of the Corporation's revenue (excluding pass-thru) is derived from the City of Napoleon and Henry County Commissioners.

Note 6 – Capital Assets

Capital assets and related accumulated depreciation at December 31, 2022 are as follows:

| | Beginning Balances | Additions | Deletions | Ending Balance |
|--|-----------------------|---------------|-----------|-------------------|
| <i>Capital assets, being depreciated</i> | | | | |
| Furniture and fixtures | \$12,610 | | | \$12,610 |
| <i>Less: Accumulated Depreciation</i> | | | | |
| Furniture and fixtures | (12,417) | (87) | | (12,504) |
| Capital Assets, net | <u>\$193</u> | <u>(\$87)</u> | | <u>\$106</u> |

Note 7 – Operating Leases

The Corporation leased a copier with a contract which expired in 2022. Rental expenses were \$989 for the year ended December 31, 2022.

Note 8 – Subsequent Events

Subsequent events have been evaluated through the date of the opinion.

Community Improvement Corporation of Henry County
Henry County
Statement of Financial Position
December 31, 2021

Assets

Current assets:

| | |
|--|----------------|
| Cash and cash equivalents | \$ 197,305 |
| Prepaid expenses | 1,000 |
| Cash restricted for economic development | 111,182 |
| <i>Total current assets</i> | <u>309,487</u> |

Noncurrent assets:

| | |
|---------------------------------|------------|
| Depreciable capital assets, net | 193 |
| <i>Total noncurrent assets</i> | <u>193</u> |

Total assets \$ 309,680

Liabilities

Current liabilities:

| | |
|------------------|---------------|
| Accrued expenses | <u>\$ 570</u> |
|------------------|---------------|

Net assets

| | |
|---------------------------------------|----------------|
| Net assets with donor restrictions | 111,182 |
| Net assets without donor restrictions | <u>197,928</u> |

Total net assets 309,110

Total liabilities and net assets \$ 309,680

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

Community Improvement Corporation of Henry County
Henry County
Statement of Activities
For the Year Ended December 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|-------------------|
| <u>Revenue:</u> | | | |
| Public and private support | \$ 165,898 | \$ 8,015 | \$ 173,913 |
| Administrative fees | 1,353 | - | 1,353 |
| Interest income | 43 | - | 43 |
| Total revenue | 167,294 | 8,015 | 175,309 |
| <u>Expenses:</u> | | | |
| Economic development | 95,552 | - | 95,552 |
| Support services: | | | |
| Management and general | 56,446 | - | 56,446 |
| Total expenses | 151,998 | - | 151,998 |
| Change in net assets | 15,296 | 8,015 | 23,311 |
| Net assets at beginning of year (Restated) | 182,632 | 103,167 | 285,799 |
| Net assets at end of year | <u>\$ 197,928</u> | <u>\$ 111,182</u> | <u>\$ 309,110</u> |

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

Community Improvement Corporation of Henry County
Henry County
Statement of Functional Expenses
For the Year Ended December 31, 2021

| | 2021 | | |
|------------------------|-------------------------|------------------------|-------------------|
| | Economic Development | Supporting Services | Total Expenses |
| Advertising | \$ 762 | \$ 2,284 | \$ 3,046 |
| Com Inv/Projects | 16 | - | 16 |
| Conferences & Seminars | - | 725 | 725 |
| Depreciation Expense | 44 | 43 | 87 |
| Dues & Subscriptions | 1,494 | - | 1,494 |
| Insurance | - | 2,995 | 2,995 |
| Legal & Accounting | 2,461 | 7,384 | 9,845 |
| Miscellaneous | - | 162 | 162 |
| Office Supplies | 1,137 | 2,652 | 3,789 |
| Rent | 3,100 | 3,100 | 6,200 |
| Telephone | 87 | 87 | 174 |
| Travel & Entertainment | 208 | 484 | 692 |
| Wages & Benefits | 85,234 | 36,530 | 121,764 |
| Workforce Development | 1,009 | - | 1,009 |
| | <u>\$ 95,552</u> | <u>\$ 56,446</u> | <u>\$ 151,998</u> |

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

Community Improvement Corporation of Henry County

Henry County

Statement of Cash Flows

For the Year Ended December 31, 2021

| | |
|--|--------------------------|
| Cash flows from operating activities: | |
| Cash received for contributions and donations | \$ 175,309 |
| Cash payments for employee services and benefits | (121,652) |
| Cash payments to suppliers for goods and services | <u>(30,147)</u> |
| Net cash provided by operating activities | <u>23,510</u> |
| | |
| Net increase in cash and cash equivalents | 23,510 |
| | |
| Cash and cash equivalents at beginning of year | <u>284,977</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 308,487</u></u> |
| | |
| Reconciliation of operating income to net cash provided by operating activities: | |
| | |
| Operating Income | \$ 23,311 |
| | |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 87 |
| Change in assets and liabilities: | |
| Increase in liabilities: | |
| Accrued expenses | <u>112</u> |
| Net cash provided by operating activities | <u><u>\$ 23,510</u></u> |

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

Community Improvement Corporation of Henry County
Henry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The Community Improvement Corporation of Henry County, Ohio (the Corporation) 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 Corporation is to promote economic development in Henry County, Ohio. The Corporation'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 Accounting

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

Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

Net assets with donor restrictions Net assets that are subject to stipulations imposed by donors, and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

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

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, 2021 is \$ 0.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

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 Corporation capitalizes all acquisitions in excess of \$500.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed Services and Facilities

In-kind contributions are recorded as revenue and expenses in the accompanying statements of functional expenses. 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 \$70,200 for the year ended December 31, 2021.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. The expenses that have been allocated are advertising, legal and accounting, office supplies, travel and entertainment, and wages and benefits, which are allocated on the basis of estimates of time and effort: depreciation, rent, and telephone, which are allocated on square footage basis.

Advertising

Advertising costs are charged to expense as incurred.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Income Tax Status – The Corporation is exempt from income taxes under IRC section 501(c)(6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Corporation has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. It has been classified as a Corporation other than a private foundation.

Note 2 – Availability and Liquidity

The following represents the Corporation’s financial assets at December 31, 2021:

| | |
|--|--------------------------|
| | <u>2021</u> |
| Financial assets at year end | |
| Cash and cash equivalents | \$ 197,305 |
| Cash restricted for economic development | <u>111,182</u> |
| Total financial assets | <u>308,487</u> |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | <u>111,182</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u><u>\$ 197,305</u></u> |

The Corporation receives donor-restricted contributions. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Corporation must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of December 31, 2021. As part of the Corporation’s liquidity management plan, cash in excess of daily requirements are invested in savings accounts and certificate of deposits. Cash restricted for economic development are invested in savings accounts.

Note 3 – Nature and Amount of Net Assets with Donor Restrictions

Net assets with donor restrictions include funds that are restricted specifically for infrastructure and economic development in Henry County. The primary source of the funds is negotiated through Enterprise Zone Agreements / Community Investment Agreements with various municipalities in Henry County. The agreements can specify that a donation will be made to the Corporation for infrastructure and economic development

The primary use of the funds is restricted to assisting companies, mainly manufacturing, in establishing infrastructure needs such as water, sewer, roads, etc. Funds can be used for both off-site and on-site needs, with off-site needs being a priority. Creation of jobs and investment will be prime criteria. While increased manufacturing is the major focus, the review committee can consider other projects.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 3 – Nature and Amount of Net Assets with Donor Restrictions (continued)

A committee will review requests for uses of the funds and make recommendations to the appropriate municipality Council or County Commissioners for action. The committee can be made up of various individuals including municipality representatives, clerks, and the CIC Director. The CIC will handle requests for funds, schedule review meetings, and prepare information for Council/Commissioner action.

Each committee will establish the criteria / guidelines to be approved by the Council / Commissioners for review of requests. Some factors to be considered include company investment level, job retention and creation, tax revenues generated, use of other state and local funding sources, and impact of municipality among others. Funds cannot be allocated without Council approval.

At December 31, 2021 net assets with donor restrictions consists of cash totaling \$111,182.

Note 4 – Nature and Amount of Net Assets without Donor Restrictions

Net assets without donor restrictions include cash and fixed assets that are available to the Corporation to use at its own discretion to meet the Corporation's objectives. Net assets without donor restrictions were \$197,928 for the year ended December 31, 2021.

Note 5 - Concentration

Approximately 62% of the Corporation's revenue (excluding pass-thru) is derived from the City of Napoleon and Henry County Commissioners.

Note 6 – Capital Assets

Capital assets and related accumulated depreciation at December 31, 2021 are as follows:

| | Beginning Balances | Additions | Deletions | Ending Balance |
|--|-----------------------|-----------|-----------|-------------------|
| <i>Capital assets, being depreciated</i> | | | | |
| Furniture and fixtures | \$12,610 | | | \$12,610 |
| <i>Less: Accumulated Depreciation</i> | | | | |
| Furniture and fixtures | (12,330) | (87) | | (12,417) |
| Capital Assets, net | \$280 | (\$87) | | 193 |

Note 7 – Operating Leases

The Corporation leased a copier with a contract which expired in 2021. Rental expenses were \$1,086 for the year ended December 31, 2021.

Note 8 – Subsequent Events

Subsequent events have been evaluated through the date of the opinion.

Community Improvement Corporation of Henry County

Henry County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 9 – Prior Year Adjustments

The beginning net assets with and without donor restrictions were adjusted by \$1,966 due to the reclassification of a restricted cash account.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Directors:

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 (*Government Auditing Standards*), the financial statements of the Community Improvement Corporation of Henry County, Henry County, Ohio (the Corporation) (a not-for-profit corporation), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 financial statements. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 12, 2023

**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 and 2021**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2022-001

Significant Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16

The following errors requiring adjustments to the financial statements and/or notes to the financial statements were identified for the years ended December 31, 2022 and 2021:

- In 2022, beginning net assets without donor restrictions was overstated in the amount of \$9,981 while beginning net assets with donor restrictions was understated in the amount of \$9,981 due to errors in carrying over equity balances from 2021 to 2022.
- In 2021, beginning net assets without donor restrictions and cash and cash equivalents were overstated in the amounts of \$5,188 and \$373, respectively, and public and private support without donor restrictions was understated in the amount of \$4,815.

These errors were not identified and corrected prior to the Corporation preparing its financial statements and notes to the financial statements due to deficiencies in the Corporation's internal control over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of Directors to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$152 to \$1,966 that were not significant to the financial statements that we have brought to the Corporation's attention.

The Corporation should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Executive Director and Board of Directors, to help identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to this finding.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---|------------------|------------------------|
| 2020-001 | Finding was first issued in the 2018-2017 audit. Finding for recovery repaid under audit due to the purchase of alcohol with unsegregated public funds. | Fully corrected. | |



OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/9/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov