



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY

REGULAR AUDIT

For the Year Ended December 31, 2018
Fiscal Year Audited Under GAGAS: 2018

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Community Improvement Corporation of Union County
227 East Fifth Street
Marysville, Ohio 43040

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Union County, Union County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2018 through December 31, 2018. 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 Union County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2019

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**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Union County
Union County
227 East Fifth Street
Marysville, Ohio 43040

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Union County, Union County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of and for the year ended December 31, 2018, the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support 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 Union County, Union County, Ohio as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the Corporation adopted new accounting guidance ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2019, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Corporation's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
July 31, 2019

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS	
Cash	\$ 324,504
Accounts Receivable	19,856
Prepaid Expenses	<u>18,974</u>
 Total Assets	 <u><u>363,334</u></u>
 LIABILITIES	
Accounts Payable	6,523
Accrued Expenses	<u>1,000</u>
 Total Liabilities	 <u>7,523</u>
 Net Assets	
Without Donor Restrictions	138,983
With Donor Restrictions	<u>216,828</u>
Total Net Assets	<u><u>355,811</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 363,334</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Member dues	\$ 259,755	\$ -	\$ 259,755
Administrative Fees	9,910	-	9,910
Interest Income	120	-	120
Other Income	3,000	-	3,000
Program Revenue	-	13,810	13,810
Net Assets Released from Restrictions	38,416	(38,416)	-
Total Revenues	<u>311,201</u>	<u>(24,606)</u>	<u>286,595</u>
Operating Expenses			
Program Expenses	262,198	-	262,198
Management and general	20,909	-	20,909
Total Operating Expenses	<u>283,107</u>	<u>-</u>	<u>283,107</u>
 Change in net assets	 28,094	 (24,606)	 3,488
 Net assets, beginning of year	 <u>110,889</u>	 <u>241,434</u>	 <u>352,323</u>
 Net assets, end of year	 <u>\$ 138,983</u>	 <u>\$ 216,828</u>	 <u>\$ 355,811</u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Management & General</u>	<u>Total</u>
Salaries	\$ 44,341	\$ 14,781	\$ 59,122
Marketing	9,611	-	9,611
Subscriptions	482	-	482
Professional Dues	12,325	-	12,325
Operational Fees	87,669	-	87,669
Bank Charges	-	128	128
Transportation	4,069	-	4,069
Consulting Contracts	21,654	-	21,654
Conference Expenses	4,899	-	4,899
Insurance Group	1,485	495	1,980
Office Expenses	1,178	1,178	2,356
Meals and Entertainment	429	-	429
Accounting and Legal	1,564	1,565	3,129
Program Expenses	28,862	-	28,862
Association Dues	39,330	-	39,330
Employee Benefits	900	300	1,200
Payroll taxes	3,400	1,133	4,533
Depreciation	-	1,329	1,329
Total	<u>\$ 262,198</u>	<u>\$ 20,909</u>	<u>\$ 283,107</u>

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

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 3,488
Depreciation	1,329
Adjustments to reconcile change in net assets	
Increase in accounts receivable	(8,778)
Decrease in prepaid expenses	10,478
Increase in accounts payable	2,846
Decrease in accrued expenses	(21,880)
Net cash used by operating	<u>(12,517)</u>
 NET DECREASE IN CASH	 (12,517)
 CASH AT BEGINNING OF YEAR	 <u>337,021</u>
 CASH AT END OF YEAR	 <u><u>\$ 324,504</u></u>

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

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Community Improvement Corporation of Union County (the Corporation) was incorporated in 1989. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of Union County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on an accrual basis of accounting and accordingly reflect all significant assets and liabilities.

C. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (6) and Chapters 1702 and 1724 of the Ohio Revised Code.

D. Basis of Presentation

The Corporation has adopted the Accounting Standard Codification (ASC) No. 958-205-45, "Financial Statements of Not-For-Profit Organizations". Under ASC 958-205-45, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Corporation is also required to present a statement of cash flows.

Net Assets Without Donor Restrictions - net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions - net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

See Note 8 for more information on the composition of net assets with donor restrictions.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

E. Liquidity Management

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations due. The Corporation invests cash in excess of daily requirements into a savings account. To help manage unanticipated liquidity needs the Corporation has Board Designated net assets without donor restrictions that, while the Corporation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

F. Use of Estimates

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

G. Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (the "FASB") issued an update to Not For-Profit accounting to help charities, foundations, universities, and other Not-For-Profit Groups (Organization) better tell their "Financial Story". The Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities, deals largely with financial statement presentation issues – how organizations convey how they spend and invest their resources. The standard requires an organization to classify their assets into two categories – those with donor restrictions and those without. The update also aims to enhance information about an organization's expenses through new expense analysis that shows expenses broken down by nature and function. Further, the update will require organizations to provide information that shows how they manage their access to cash over twelve months and retain liquidity. The update went into effect for financial statements issued for fiscal years beginning after December 15, 2017. The Corporation has implemented ASU 2016-14 as of and for the year ended December 31, 2018.

H. Cash Deposits

At December 31, 2018, the bank balance was \$324,504. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

I. Property and Equipment

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation.

Depreciation is computed using primarily the straight-line method. All reported capital assets are depreciated. Depreciation on the furniture and equipment is calculated over a useful life of 5-7 years.

2. RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

3. MOBILE LAB PROGRAM

In 2016, the Corporation received \$246,000 in a combined joint contract with Marion Technical College to develop the Mobile Manufacturing Training Lab (MMTL) Program. The program will focus its efforts within an eight county region surrounding and including Union County, Ohio. Through collaborative efforts of the public sector, private sector, and educational institutions, the MMTL program shall actively promote and support hands on fundamental and intermediate level manufacturing skills training for incumbent workers, adult learners, and students in school grades 7 through 12.

4. YEA PROGRAM

Young Entrepreneurs Academy (YEA!) guides middle school and high school students through the process of starting and running a legitimate business or social movement over the course of a full academic year. YEA!'s direct mission is to help students embrace their passion, energy, creativity and talents, launch a venture, and view entrepreneurship and social innovation as synonymous with success and freedom.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018
 (Continued)

5. TEAM MARYSVILLE

Team Marysville is an association of Marysville, Ohio residents, merchants, property owners and elected officials that works to improve the overall economic and civic vitality of Marysville's historic Upton District.

6. RELATED PARTY TRANSACTIONS

Union County, Ohio (the County) provides a material portion of the Corporation's funding. During fiscal year ending December 31, 2018, the County paid the Corporation \$142,288 to promote economic development. This amount is included in membership fees.

7. ACCOUNTS RECEIVABLE

Receivables at December 31, 2018 consisted of uncollected EDAP Dues. All receivables are considered collectible in full and within one year. If amounts are uncollectible they are written off to bad debt.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2018 is as follows:

<u>December 31</u>	<u>2018</u>
Subject to expenditures for specified purpose or period:	
Mobile Lab Program	\$ 206,726
Young Entrepreneurs Academy (YEA)	9,958
Team Marysville	<u>144</u>
 Total subject to expenditures for specified purpose or period	 <u>216,828</u>
 Total net assets with donor restrictions	 \$ <u><u>216,828</u></u>

During 2018, \$38,416 of net assets with specified purpose restrictions, were released from restrictions by incurring expenses satisfying the restricted purpose.



**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 Union County
Union County
227 East Fifth Street
Marysville, Ohio 43040

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation of Union County, Union County, Ohio (the Corporation) (a not-for-profit corporation) as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated July 31, 2019, wherein we noted the Corporation adopted new accounting guidance ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
July 31, 2019

OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY

UNION 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
OCTOBER 3, 2019**