

**COMMUNITY IMPROVEMENT
CORPORATION OF OTTAWA COUNTY**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011



Dave Yost • Auditor of State

Board of Trustees
Community Improvement Corporation of Ottawa County
8043 W. State Route 163, Suite 100
Oak Harbor, Ohio 43449

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Ottawa County prepared by Weber O'Brien Ltd., for the audit period January 1, 2011 through December 31, 2012. 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 Ottawa County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

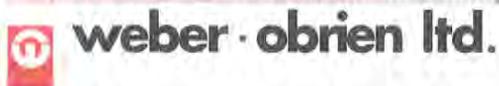
September 26, 2013

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COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Ottawa County
8043 W. State Route 163
Suite 100
Oak Harbor, Ohio 43449

Report on the Financial Statements

We have audited the accompanying financial statements of Community Improvement Corporation of Ottawa County (a nonprofit Corporation - "Organization") which comprise the statements of financial position as of December 31, 2012 and 2011, 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 that 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 Community Improvement Corporation of Ottawa County as of December 31, 2012 and 2011, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2013, on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.



July 9, 2013

STATEMENTS OF FINANCIAL POSITION
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2012 and 2011

	<u>ASSETS</u>	
	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents	\$ 374,651	\$ 341,156
Investments	99,247	97,920
Accounts receivable	16,386	42,065
Current portion of notes receivable	<u>11,300</u>	<u>11,800</u>
TOTAL CURRENT ASSETS	501,584	492,941
Equipment:		
Furniture and equipment	32,423	32,423
Less accumulated depreciation	<u>28,111</u>	<u>25,169</u>
	4,312	7,254
Other Assets:		
Notes receivable - net of current portion	8,757	19,646
Workers' Compensation deposit	<u>34</u>	<u>34</u>
	8,791	19,680
TOTAL ASSETS	<u>\$ 514,687</u>	<u>\$ 519,875</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 5,329	\$ 7,724
Accrued payroll taxes	<u>6,013</u>	<u>5,727</u>
TOTAL CURRENT LIABILITIES	11,342	13,451
Unrestricted Net Assets	<u>503,345</u>	<u>506,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 514,687</u>	<u>\$ 519,875</u>

“The Accompanying Notes are an Integral
Part of These Financial Statements”

STATEMENTS OF ACTIVITIES
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets:		
Support:		
Conveyance fees	\$ 168,319	\$ 151,364
Job and Family Services consulting fees	90,827	88,118
Experience Ottawa County	15,760	16,850
Interest income	2,872	6,173
Other	<u>4,075</u>	<u>2,000</u>
	281,853	264,505
Expenses:		
Program services	261,598	249,790
Management and general	<u>23,334</u>	<u>23,561</u>
	<u>284,932</u>	<u>273,351</u>
Decrease in Unrestricted Net Assets	(3,079)	(8,846)
Unrestricted Net Assets at Beginning of Year	<u>506,424</u>	<u>515,270</u>
Unrestricted Net Assets at End of Year	<u>\$ 503,345</u>	<u>\$ 506,424</u>

“The Accompanying Notes are an Integral
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STATEMENTS OF CASH FLOWS
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:</u>		
Decrease in net assets	\$ (3,079)	\$ (8,846)
Adjustments to reconcile decrease in net assets to net cash from (for) operating activities:		
Depreciation	2,942	2,846
Accounts receivable	25,679	(24,114)
Accounts payable	(2,395)	2,048
Accrued payroll taxes	<u>286</u>	<u>2,009</u>
CASH FROM (FOR) OPERATING ACTIVITIES	23,433	(26,057)
<u>CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:</u>		
Collections on notes receivable	11,389	16,094
Reinvestment of interest earnings	(1,327)	(3,772)
Redemptions of certificates of deposit	-	97,665
Investments in certificates of deposit	-	(97,665)
Acquisitions of equipment	<u>-</u>	<u>(5,806)</u>
CASH FROM INVESTING ACTIVITIES	<u>10,062</u>	<u>6,516</u>
INCREASE (DECREASE) IN CASH	33,495	(19,541)
Cash and cash equivalents at beginning of year	<u>341,156</u>	<u>360,697</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 374,651</u>	<u>\$ 341,156</u>

“The Accompanying Notes are an Integral
Part of These Financial Statements”

NOTES TO FINANCIAL STATEMENTS

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

December 31, 2012 and 2011

Note A - Organization

The Community Improvement Corporation of Ottawa County ("Corporation") is a nonprofit corporation chartered in 1966. Its purpose is to advance, encourage and promote the industrial, economic, commercial and research development of Ottawa County. The primary source of funding comes from conveyance fees collected by Ottawa County on real estate transfers.

Note B - Accounting Policies

Basis of Presentation: The financial statements follow the recommendations of ASC 958, Not-for-Profit Entities. Under ASC 958, the Corporation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Taxes: The Corporation is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Corporation's federal income tax returns for 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Property and Equipment: Property and equipment are recorded at original cost. It is the Corporation's policy to capitalize property and equipment having a useful life of over one year. Depreciation has been computed using the double declining balance method over estimated useful lives.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting: The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents: For the purpose of cash flows, the Corporation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments: Investments are carried at fair value and consist of certificates of deposit.

Accounts Receivable: Accounts receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible accounts. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made. Receivables are generally considered past due 30 days after the invoice date. The Corporation does not accrue interest on past due trade receivables.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
December 31, 2012 and 2011

Note B - Accounting Policies (Continued)

Notes Receivable: Notes receivable are stated in the balance sheet at their estimated realizable value. The Corporation uses the direct write-off method for uncollectible notes. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made.

Allocation of Functional Expenses: The cost of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions.

Subsequent Events: In connection with the preparation of the financial statements, the Corporation has evaluated events subsequent to December 31, 2012 through July 9, 2013, which is the date the financial statements were available to be issued and has concluded that no additional disclosures were required.

Note C - Notes Receivable

The Corporation has made loans to companies and individuals for the start up of new businesses within the County. As of December 31, 2012 and 2011, the following notes receivable were outstanding:

	<u>2012</u>	<u>2011</u>
Sloopy's Cafe, secured by real estate, dated June 24, 2010 payable in 60 monthly installments of \$510 including interest at 5%, due June 24, 2015.	\$ 14,708	\$ 19,514
Nagoya Japanese Steakhouse, secured by equipment and real estate, dated May 26, 2004 payable in 60 monthly installments of \$573 beginning June 2005 including interest at 3.5%, due October 10, 2013.	<u>5,349</u>	<u>11,932</u>
Total Notes Receivable	20,057	31,446
Less Current Maturities	<u>11,300</u>	<u>11,800</u>
Net Long-Term Notes Receivable	<u>\$ 8,757</u>	<u>\$ 19,646</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

December 31, 2012 and 2011

Note D - Defined Contribution Pension Plan

The Corporation sponsors a defined contribution pension plan which began in January 2001. Under this plan, eligible employees may elect to have contributions withheld on their behalf. The Corporation will contribute a matching contribution up to 3% of the employee's compensation for the year. Under this plan, the Corporation's matching contribution recorded as expense amounted to \$3,768 for 2012 and \$3,775 for 2011.

Note E - Lease Obligations

The Corporation leases office space under a month-to-month operating lease, payable quarterly. Rent expense amounted to \$10,985 for 2012 and 2011.

Note F - Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentration of credit risk consist principally of cash deposited in financial institutions and accounts and notes receivable.

The Corporation has accounts receivable that arise from income that comes from two major sources: Ottawa County conveyance fees and Jobs and Family Services consulting fees. Accounts receivable from these organizations were unsecured and totaled \$14,812 as of December 31, 2012 and \$42,065 as of December 31, 2011.

The Corporation has extended secured credit with Notes Receivable to businesses in Ottawa County. The notes are to be used for promoting business start up and growth. Notes receivable totaled \$20,057 as of December 31, 2012 and \$31,446 as of December 31, 2011.

SCHEDULES OF EXPENSES

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and Benefits:		
Salary - Director	\$ 71,514	\$ 70,869
Salary - Workforce Director	56,699	57,417
Salary - Administrative Assistant	17,969	17,352
Employee health and life insurance	13,193	10,665
Payroll taxes	12,053	11,777
Retirement	<u>3,768</u>	<u>3,775</u>
Total Salaries and Benefits	175,196	171,855
Office Expenses:		
Travel, lodging and meals	9,634	11,802
Membership, meetings and conferences	8,009	10,065
Legal and accounting fees	5,934	8,978
Communications	3,763	6,214
Rent	10,985	10,985
Office supplies	5,239	7,313
Depreciation	2,942	2,846
Business insurance	1,861	1,671
Continuing education	<u>481</u>	<u>(419)</u>
Total Office Expenses	48,848	59,455
Marketing Expenses:		
Experience Ottawa County	16,153	19,757
Advertising	-	1,079
Awards dinner	<u>4,457</u>	<u>238</u>
Total Marketing Expenses	20,610	21,074
Development and Research Expenses:		
Economic development	28,180	11,404
Workforce development	<u>12,098</u>	<u>9,563</u>
Total Development and Research Expenses	<u>40,278</u>	<u>20,967</u>
TOTAL EXPENSES	<u>\$ 284,932</u>	<u>\$ 273,351</u>



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

Board of Trustees
Community Improvement Corporation of Ottawa County
8043 W. State Route 163
Suite 100
Oak Harbor, Ohio 43449

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 Community Improvement Corporation of Ottawa County (the "Organization") which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization'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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Ottawa County'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.



July 9, 2013

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Finding 2010-01 Material Weakness – Financial Statement Preparation

Statement of Condition: The financial statements submitted to us for audit contained errors in presentation, erroneous disclosures, and also omitted numerous disclosures required by Generally Accepted Accounting Principles (GAAP) as they relate to not-for-profit organizations.

Current Status: Corrected.

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Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

OTTAWA 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 10, 2013**