



OHIO AUDITOR OF STATE  
**KEITH FABER**





**COMMUNITY IMPROVEMENT CORPORATION OF CHAMPAIGN COUNTY  
CHAMPAIGN COUNTY  
DECEMBER 31, 2018 AND 2017**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Auditor's Report .....   | 1           |
| Prepared by Management:  |             |
| Financial Statements:  |             |
| Statement of Financial Position – December 31, 2018 .....  | 3           |
| Statement of Activities and Change in Net Assets –<br>For the Year Ended December 31, 2018.....  | 4           |
| Statement of Functional Expenses –<br>For the Year Ended December 31, 2018.....  | 5           |
| Statement of Cash Flows – For the Year Ended December 31, 2018 .....   | 6           |
| Notes to Financial Statements – For the Year Ended December 31, 2018 .....   | 7           |
| Statement of Financial Position – December 31, 2017 .....  | 11          |
| Statement of Activities and Change in Net Assets –<br>For the Year Ended December 31, 2017 .....   | 12          |
| Statement of Functional Expenses –<br>For the Year Ended December 31, 2017 .....   | 13          |
| Statement of Cash Flows – For the Year Ended December 31, 2017 .....   | 14          |
| Notes to Financial Statements – For the Year Ended December 31, 2017 .....   | 15          |
| Independent Auditor's Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 19          |
| Schedule of Findings.....  | 21          |

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Champaign County  
Champaign County  
3 Monument Square  
Urbana, Ohio 43078

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Community Improvement Corporation of Champaign County, Champaign County, Ohio (the CIC), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2018 and 2017, the related statements of activities and change in net assets, functional expenses, 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 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 CIC'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 CIC'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 Champaign County, Champaign County, Ohio as of December 31, 2018 and 2017, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020, on our consideration of the CIC'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 CIC's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

January 10, 2020

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Financial Position  
December 31, 2018**

| <b>ASSETS</b>                     |  | <b><u>2018</u></b>              |
|-----------------------------------|--|---------------------------------|
| <b>CURRENT ASSETS:</b>            |  |                                 |
| Cash and Cash Equivalents         |  | \$ 124,449                      |
| <b>TOTAL CURRENT ASSETS</b>       |  | <b><u>124,449</u></b>           |
| <b>PROPERTY AND EQUIPMENT</b>     |  |                                 |
| Land - 222 E. Market St           |  | 20,400                          |
| Office Equipment                  |  | 8,662                           |
| Accumulated Depreciation          |  | <u>(6,590)</u>                  |
| <b>Net Property and Equipment</b> |  | <b><u>22,472</u></b>            |
| <b>TOTAL ASSETS</b>               |  | <b><u><u>\$ 146,921</u></u></b> |

| <b>LIABILITIES AND NET ASSETS</b>       |  |                                 |
|---|--|---------------------------------|
| <b>CURRENT LIABILITIES:</b>             |  |                                 |
| Payroll Liabilities                     |  | \$ 3,663                        |
| Manufacturer's Council Escrow           |  | <u>12,306</u>                   |
| <b>TOTAL CURRENT LIABILITIES</b>        |  | <b>15,969</b>                   |
| <b>NET ASSETS:</b>                      |  |                                 |
| Without Donor Restrictions              |  | 97,199                          |
| With Donor Restrictions                 |  | <u>33,753</u>                   |
| <b>TOTAL NET ASSETS</b>                 |  | <b><u>130,952</u></b>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> |  | <b><u><u>\$ 146,921</u></u></b> |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Activities and Change in Net Assets  
For the Year Ended December 31, 2018**

|   | <b>2018</b> |
|---|-------------|
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>       |             |
| REVENUE:  |             |
| Community Support Revenue                           | \$ 121,100  |
| Rental Income                                       | 1,812       |
| Interest Income                                     | 585         |
| Net Assets Released from Use Restrictions           | 34,489      |
| TOTAL REVENUE                                       | 157,986     |
| Expenses:   |             |
| PROGRAM SERVICES:                                   |             |
| Economic Development                                | 135,580     |
| SUPPORT SERVICES:                                   |             |
| General and Administrative                          | 26,085      |
| TOTAL EXPENSES                                      | 161,665     |
| (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (3,679)     |
| <b>NET ASSETS WITH DONOR RESTRICTIONS:</b>          |             |
| Contribution Revenue                                | 51,546      |
| Net Assets Released from Use Restrictions           | (34,489)    |
| INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS      | 17,057      |
| TOTAL INCREASE IN NET ASSETS                        | 13,378      |
| NET ASSETS, BEGINNING OF YEAR                       | 117,574     |
| NET ASSETS, END OF YEAR                             | \$ 130,952  |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Functional Expenses  
For the year ended December 31, 2018**

|                               | <b>2018</b>                                 |                                |                           |
|-------------------------------|---|--------------------------------|---------------------------|
|                               | <b>ECONOMIC<br/>DEVELOPMENT<br/>PROGRAM</b> | <b>GENERAL<br/>&amp; ADMIN</b> | <b>TOTAL<br/>EXPENSES</b> |
| Salaries                      | \$ 63,170                                   | \$ 10,826                      | \$ 73,996                 |
| Payroll Taxes                 | 5,324                                       | 912                            | 6,236                     |
| Dues and Subscriptions        | 475   | -                              | 475                       |
| Hotel Feasibility Study       | 3,750                                       | -                              | 3,750                     |
| IT Support                    | 6,510                                       | -                              | 6,510                     |
| Depreciation                  | 1,718                                       | -                              | 1,718                     |
| Job Board                     | 20,000                                      | -                              | 20,000                    |
| Liability Insurance & Bonding | 1,044                                       | -                              | 1,044                     |
| Advertising                   | 9,711                                       | -                              | 9,711                     |
| Office Rent/Lease             | 3,818                                       | 3,382                          | 7,200                     |
| Professional Fees             | 8,095                                       | 6,957                          | 15,052                    |
| Professional Development      | 1,478                                       | -                              | 1,478                     |
| Records Management            | 5,238                                       | -                              | 5,238                     |
| Meeting Expenses              | 410   | -                              | 410                       |
| Telecommunications            | 2,117                                       | -                              | 2,117                     |
| Travel                        | 2,722                                       | -                              | 2,722                     |
| Postage                       | -   | 174                            | 174                       |
| Office Supplies               | -   | 3,834                          | 3,834                     |
| <br>                          |   |                                |                           |
| TOTAL EXPENSES                | \$ 135,580                                  | \$ 26,085                      | \$ 161,665                |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Cash Flows  
For the Year Ended December 31, 2018**

|  | <b>2018</b> |
|--|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>     |             |
| Change in Net Assets                             | \$ 13,378   |
| Adjustments to Reconcile Change in Net Assets    |             |
| To Net Cash Provided by Operating Activities:    |             |
| Depreciation                                     | 1,718       |
| Increase (Decrease) in Operating Liabilities:    |             |
| Manufacturer's Council Escrow                    | 330         |
| Accounts Payable                                 | (252)       |
| Payroll Liabilities                              | (2,755)     |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> | 12,419      |
| NET INCREASE IN CASH                             | 12,419      |
| CASH AT BEGINNING OF YEAR                        | 112,030     |
| CASH AT END OF YEAR                              | \$ 124,449  |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

**1. Summary of Significant Accounting Policies:**

**Nature of Activities**

The Community Improvement Corporation (CIC) of Champaign County was incorporated on December 10, 1963. The CIC is a not-for-profit community improvement corporation, as defined by Ohio Revised Code (ORC) section 1724.01. The CIC was designated as the agency of Champaign County for industrial, economic, civic, commercial distribution and research of the county on January 6, 1975 through March 2008.

In 2016, the CIC adopted the trade name, Champaign Economic Partnership, and was re-designated as the economic development agency for Champaign County. The public-private partnership effort is reflected by the CIC Board membership of 60% private and 40% local government. Funding for the partnership comes from a portion of real property conveyance fees designated by the Champaign County commissioners, funding from the City of Urbana, which previously funded economic development through a city-paid economic development coordinator, and sponsorships from private business partners. The CIC, doing business as the Champaign Economic Partnership, employs an Economic Development Director responsible for countywide economic development.

The CIC consists of nineteen board members who serve as the governing board of the corporation. Members are appointed in accord with corporation bylaws and ORC Chapter 1724. Members represent the County Commissioners, City of Urbana, the incorporated villages, the townships, the Chamber of Commerce, local industry and small business.

**Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements of the CIC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

FASB Accounting Standards Update (ASU) 2016-14, effective for 2018, requires Not-for-Profit entities to report information based on two separate classes of Net Assets (net assets without donor restrictions and net assets with donor restrictions) based on the existence or absence of donor-imposed restrictions. The ASU was applied retrospectively to the prior period. Implementation of the ASU had no numerical effect on the CIC and only financial statement captions changed. In 2018, the CIC had net assets with donor restrictions due to specific use restrictions.

**Revenue**

Community Support Revenue is received from governmental units and private businesses in support of the CIC's operations. Contribution Revenue consists of donations from governmental units and private businesses for a specific use restriction. Rental income is received from tenants that sublet a portion of the office space the CIC occupies and for the lease of undeveloped property for use as a community garden.

**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 disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Community Improvement Corporation of Champaign County**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

**1. Summary of Significant Accounting Policies (continued):**

**Income Taxes**

The CIC is exempt from federal income taxes under Internal Revenue Code Section 501(c)(4). Management believes no tax provision was necessary for the year ended December 31, 2018, and no uncertain tax positions exist that would materially impact the financial statements. With few exceptions, the CIC is no longer subject to tax examinations by tax authorities for the years prior to December 31, 2014.

**Liquidity and Availability of Resources**

The CIC's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

|  |           |
|--|-----------|
|  | 2018      |
| Cash and Cash Equivalents, less<br>donor restricted amount of \$33,753 | \$ 90,696 |

The CIC does not have a formal policy regarding a minimum amount of short-term financial assets to have on hand. As of December 31, 2018, the CIC has liquid resources available to meet approximately seven months of normal operating expenses, which are on average \$13,500 per month.

**Cash and Cash Equivalents**

The CIC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The CIC only has a checking account and it is insured by Federal Depository Insurance Corporation.

**Property and Equipment**

Property and equipment is stated at cost, less accumulated depreciation. Office equipment assets consist of a copier and computer equipment. The capitalization policy is to capitalize items costing \$1,000 of more, and to depreciate assets over economic lives ranging from 3 to 5 years on a straight-line basis.

The CIC owns undeveloped land carried at cost net of impairment loss, which management estimates approximates fair market value. The CIC leases undeveloped property at 222 E. Market St., Urbana, at \$1 a month for use as a community garden by the Activate Champaign County program of the Champaign Family YMCA.

Depreciation expense for the year ended December 31, 2018 was \$1,718.

**Functional Allocation of Expenses**

Expenses have been allocated between the program and administrative functions based on specific identification when applicable. Salaries and related expenses are allocated between the program and supporting services based on estimated time and effort employees spent on each function. Occupancy costs are allocated based on space allocation and the remaining expenses are specifically allocated where practical.

**Community Improvement Corporation of Champaign County**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

**1. Summary of Significant Accounting Policies (continued):**

**Manufacturer's Council Escrow Liability**

The CIC facilitates the Champaign County Manufacturer's Council, through which local manufacturers address mutual concerns and promote local economic development. As part of assisting them, on a no fee basis, the CIC administers funds belonging to the Council as the Council directs. The balance of unspent Council funds is carried as a liability and none of the activity of the Council is part of CIC's Statement of Activities.

**2. Subsequent Events:**

Management has evaluated subsequent events through January 10, 2020, the date the financial statements were available to be issued. As of such date, there were no material subsequent events affecting the financial statements requiring disclosure.

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**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Financial Position  
December 31, 2017**

| <b>ASSETS</b>                 |  | <b>2017</b> |
|-------------------------------|--|-------------|
| <b>CURRENT ASSETS:</b>        |  |             |
| Cash and Cash Equivalents     |  | \$ 112,030  |
| TOTAL CURRENT ASSETS          |  | 112,030     |
| <b>PROPERTY AND EQUIPMENT</b> |  |             |
| Land - 222 E. Market St       |  | 20,400      |
| Office Equipment              |  | 8,662       |
| Accumulated Depreciation      |  | (4,872)     |
| Net Property and Equipment    |  | 24,190      |
| <b>TOTAL ASSETS</b>           |  | \$ 136,220  |

| <b>LIABILITIES AND NET ASSETS</b>       |            |
|---|------------|
| <b>CURRENT LIABILITIES:</b>             |            |
| Payroll Liabilities                     | \$ 3,915   |
| Accounts Payable                        | 2,755      |
| Manufacturer's Council Escrow           | 11,976     |
| TOTAL CURRENT LIABILITIES               | 18,646     |
| <b>NET ASSETS:</b>                      |            |
| Without Donor Restrictions              | 100,878    |
| With Donor Restrictions                 | 16,696     |
| TOTAL NET ASSETS                        | 117,574    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | \$ 136,220 |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Activities and Change in Net Assets  
For the Year Ended December 31, 2017**

|   | <b>2017</b> |
|---|-------------|
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>       |             |
| REVENUE:  |             |
| Community Support Revenue                           | \$ 117,310  |
| Rental Income                                       | 1,362       |
| Interest Income                                     | 506         |
| Net Assets Released from Use Restrictions           | 15,804      |
| TOTAL REVENUE                                       | 134,982     |
| Expenses:   |             |
| PROGRAM SERVICES:                                   |             |
| Economic Development                                | 113,990     |
| SUPPORT SERVICES:                                   |             |
| General and Administrative                          | 22,793      |
| TOTAL EXPENSES                                      | 136,783     |
| (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (1,801)     |
| <b>NET ASSETS WITH DONOR RESTRICTIONS:</b>          |             |
| Contribution Revenue                                | 32,500      |
| Net Assets Released from Use Restrictions           | (15,804)    |
| INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS      | 16,696      |
| TOTAL INCREASE IN NET ASSETS                        | 14,895      |
| NET ASSETS, BEGINNING OF YEAR                       | 102,679     |
| NET ASSETS, END OF YEAR                             | \$ 117,574  |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Functional Expenses  
For the year ended December 31, 2017**

|                               | <b>2017</b>                                 |                                |                           |
|-------------------------------|---|--------------------------------|---------------------------|
|                               | <b>ECONOMIC<br/>DEVELOPMENT<br/>PROGRAM</b> | <b>GENERAL<br/>&amp; ADMIN</b> | <b>TOTAL<br/>EXPENSES</b> |
| Salaries                      | \$ 57,580                                   | \$ 9,548                       | \$ 67,128                 |
| Payroll Taxes                 | 5,879                                       | 975                            | 6,854                     |
| Dues and Subscriptions        | 2,417                                       | -                              | 2,417                     |
| Hotel Feasibility Study       | 3,750                                       | -                              | 3,750                     |
| IT Support                    | 4,380                                       | -                              | 4,380                     |
| Depreciation                  | 2,088                                       | -                              | 2,088                     |
| Job Board                     | 12,054                                      | -                              | 12,054                    |
| Liability Insurance & Bonding | 1,053                                       | -                              | 1,053                     |
| Advertising                   | 2,720                                       | -                              | 2,720                     |
| Rent                          | 3,500                                       | 3,100                          | 6,600                     |
| Professional Fees             | 7,616                                       | 5,252                          | 12,868                    |
| Records Management            | 5,513                                       | -                              | 5,513                     |
| Meeting Expenses              | 1,991                                       | -                              | 1,991                     |
| Telecommunications            | 1,975                                       | -                              | 1,975                     |
| Travel                        | 1,474                                       | -                              | 1,474                     |
| Postage                       | -   | 291                            | 291                       |
| Payroll Processing Fees       | -   | 774                            | 774                       |
| Office Supplies               | -   | 2,853                          | 2,853                     |
| <br>                          |   |                                |                           |
| TOTAL EXPENSES                | \$ 113,990                                  | \$ 22,793                      | \$ 136,783                |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County  
d.b.a. Champaign Economic Partnership of Champaign County  
Statement of Cash Flows  
For the Year Ended December 31, 2017**

|  | <b>2017</b>    |
|--|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                |
| Change in Net Assets   | \$ 14,895      |
| Adjustments to Reconcile Change in Net Assets<br>To Net Cash Provided by Operating Activities: |                |
| Depreciation   | 2,088          |
| Increase (Decrease) in Operating Liabilities:  |                |
| Manufacturer's Council Escrow  | (3,007)        |
| Accounts Payable   | 2,755          |
| Payroll Liabilities  | 3,915          |
| <br><b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <br>20,646     |
| <br>NET INCREASE IN CASH   | <br>20,646     |
| <br>CASH AT BEGINNING OF YEAR  | <br>91,384     |
| <br>CASH AT END OF YEAR  | <br>\$ 112,030 |

See accompanying notes to the financial statements

**Community Improvement Corporation of Champaign County**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**1. Summary of Significant Accounting Policies:**

**Nature of Activities**

The Community Improvement Corporation (CIC) of Champaign County was incorporated on December 10, 1963. The CIC is a not-for-profit community improvement corporation, as defined by Ohio Revised Code (ORC) section 1724.01. The CIC was designated as the agency of Champaign County for industrial, economic, civic, commercial distribution and research of the county on January 6, 1975 through March 2008.

In 2016, the CIC adopted the trade name, Champaign Economic Partnership, and was re-designated as the economic development agency for Champaign County. The public-private partnership effort is reflected by the CIC Board membership of 60% private and 40% local government. Funding for the partnership comes from a portion of real property conveyance fees designated by the Champaign County commissioners, funding from the City of Urbana, which previously funded economic development through a city-paid economic development coordinator, and sponsorships from private business partners. The CIC, doing business as the Champaign Economic Partnership, employs an Economic Development Director responsible for countywide economic development.

The CIC consists of nineteen board members who serve as the governing board of the corporation. Members are appointed in accord with corporation bylaws and ORC Chapter 1724. Members represent the County Commissioners, City of Urbana, the incorporated villages, the townships, the Chamber of Commerce, local industry and small business.

**Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements of the CIC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

FASB Accounting Standards Update (ASU) 2016-14, effective for 2018, requires Not-for-Profit entities to report information based on two separate classes of Net Assets (net assets without donor restrictions and net assets with donor restrictions) based on the existence or absence of donor-imposed restrictions. The ASU was applied retrospectively to the current period. Implementation of the ASU had no numerical effect on the CIC and only financial statement captions changed. In 2017, the CIC had net assets with donor restrictions due to specific use restrictions.

**Revenue**

Community Support Revenue is received from governmental units and private businesses in support of the CIC's operations. Contribution Revenue consists of donations from governmental units and private businesses for a specific use restriction. Rental income is received from tenants that sublet a portion of the office space the CIC occupies and for the lease of undeveloped property for use as a community garden.

**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 disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Community Improvement Corporation of Champaign County**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**1. Summary of Significant Accounting Policies (continued):**

**Income Taxes**

The CIC is exempt from federal income taxes under Internal Revenue Code Section 501(c)(4). Management believes no tax provision was necessary for the year ended December 31, 2017, and no uncertain tax positions exist that would materially impact the financial statements. With few exceptions, the CIC is no longer subject to tax examinations by tax authorities for the years prior to December 31, 2014.

**Liquidity and Availability of Resources**

The CIC's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

|  |           |
|--|-----------|
|  | 2017      |
| Cash and Cash Equivalents, less<br>donor restricted amount of \$16,696 | \$ 95,334 |

The CIC does not have a formal policy regarding a minimum amount of short-term financial assets to have on hand. As of December 31, 2017, the CIC has liquid resources available to meet approximately eight months of normal operating expenses, which are on average \$11,400 per month.

**Cash and Cash Equivalents**

The CIC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The CIC only has a checking account and it is insured by Federal Depository Insurance Corporation.

**Property and Equipment**

Property and equipment is stated at cost, less accumulated depreciation. Office equipment assets consist of a copier and computer equipment. The capitalization policy is to capitalize items costing \$1,000 of more, and to depreciate assets over economic lives ranging from 3 to 5 years on a straight-line basis.

The CIC owns undeveloped land carried at cost net of impairment loss, which management estimates approximates fair market value. The CIC leases undeveloped property at 222 E. Market St., Urbana, at \$1 a month for use as a community garden by the Activate Champaign County program of the Champaign Family YMCA.

Depreciation expense for the year ended December 31, 2017 was \$2,088.

**Functional Allocation of Expenses**

Expenses have been allocated between the program and administrative functions based on specific identification when applicable. Salaries and related expenses are allocated between the program and supporting services based on estimated time and effort employees spent on each function. Occupancy costs are allocated based on space allocation and the remaining expenses are specifically allocated where practical.

**Community Improvement Corporation of Champaign County**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

**1. Summary of Significant Accounting Policies (continued):**

**Manufacturer's Council Escrow Liability**

The CIC facilitates the Champaign County Manufacturer's Council, through which local manufacturers address mutual concerns and promote local economic development. As part of assisting them, on a no fee basis, the CIC administers funds belonging to the Council as the Council directs. The balance of unspent Council funds is carried as a liability and none of the activity of the Council is part of CIC's Statement of Activities.

**2. Subsequent Events:**

Management has evaluated subsequent events through January 10, 2020, the date the financial statements were available to be issued. As of such date, there were no material subsequent events affecting the financial statements requiring disclosure.

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# OHIO AUDITOR OF STATE KEITH FABER



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130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
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WestRegion@ohioauditor.gov

## 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 Champaign County  
Champaign County  
3 Monument Square  
Urbana, Ohio 43078

To the Board of Trustees:

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 Champaign County, Champaign County, (the CIC) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated January 10, 2020.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the CIC'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 CIC'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the CIC'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*.

***CIC's Response to Finding***

The CIC's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the CIC's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

January 10, 2020

**COMMUNITY IMPROVEMENT CORPORATION OF CHAMPAIGN COUNTY  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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**FINDING NUMBER 2018-001**

**Material Weakness – 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 CIC failed to implement Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* for 2018 due to lack of understanding of the requirements. The updated requirements, which provided for clarified reporting of net assets with and without donor restrictions and enhanced note disclosures, have been incorporated into the final financial report.

Additionally, the CIC understated accounts payable and economic development expense (professional fees) in the amount of \$2,755. The CIC's accounting records and the accompanying financial statements have been adjusted.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the users' understanding of the financial operations, the Board's and management's ability to make decisions, and could result in materially misstated reports.

The CIC should implement policies and procedures to provide for accurate and complete reporting of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

**Officials' Response:**

With regard to the second paragraph of Finding 2018-001, as a result of initial audit inquiries, in October 2019, the CIC already implemented a formal process of hiring a CPA firm to prepare GAAP compliant annual financial statements pursuant to Statements on Standards for Accounting and Review Services (SSARS) AR-C section 70. The engagement letter for the AR-C section 70 process reiterates Management's Responsibilities for the financial statements consistent with the first paragraph of your Finding 2018-001. That AR-C 70 process resulted in CIC reissuing the 2018 Financial Statements to be in conformity with ASU No. 2016-14 for the State to then continue its audit work in October 2019. Prior to that time, CIC had a more informal process of relying mainly on a volunteer Treasurer to prepare the annual financial statements, and utilized the CPA firm mainly to navigate the State's Hinkle web-based transmittal system, and to informally advise the Treasurer on an ad-hoc basis. The informal process originated when CIC had a very little volume of transactions, no employees, and very limited resources for accounting fees. CIC plans to utilize the formal AR-C section 70 financial statement preparation process for the 2019 financial statements and for all future years prior to submitting financial statements through the Hinkle system.

With regard to the third paragraph of Finding 2018-001 about 2017 Accounts Payable. Beginning with the 2019 annual financial statements, the CIC will implement a process of reviewing cash disbursements exceeding a chosen dollar amount paid during the 60 days subsequent to year end in order to then look at invoice service dates to determine if a material amount of Accounts Payable actually exists as of year-end. Due to limited staff, financial resources, and the relatively low dollar amount of Payables at any specific month end, the CIC has no current plans to change the interim financial of the other eleven months of the year to be full accrual financials.

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# OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF CHAMPAIGN COUNTY**

**CHAMPAIGN 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  
FEBRUARY, 4 2020**