
**COMMUNITY IMPROVEMENT CORPORATION
OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE,
OHIO, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2003

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828
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**Auditor of State
Betty Montgomery**

Board of Directors
Community Improvement Corporation of Greater Chillicothe
126 E. Second St., Suite D
Chillicothe, OH 45601

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Greater Chillicothe, Ross County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2003 through December 31, 2003. 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 Greater Chillicothe is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 28, 2004

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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.**

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Whited Seigneur Sams & Rahe, LLP

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September 20, 2004

Board of Directors
Community Improvement Corporation of
Greater Chillicothe, Ross County, Including
Chillicothe, Ohio, Inc.

Independent Auditor's Report

We have audited the accompanying statement of financial position of Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc., (a nonprofit corporation) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc., as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 2004, on our consideration of Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provision 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003**

ASSETS

CURRENT ASSETS

Cash in Bank	
Huntington	\$ 496,753
Ross Co. Banking Center	<u>3,907</u>
Total Cash	500,660
Prepaid Expenses	1,119
Notes Receivable - Current	<u>2,204</u>

TOTAL CURRENT ASSETS 503,983

DEPRECIABLE ASSETS

Furniture & Equipment	5,297
Less: Accumulated Depreciation	<u>3,085</u>

NET DEPRECIABLE ASSETS 2,212

OTHER ASSETS

Industrial Park Land and Improvements Held for Resale	670,732
Notes Receivable - Noncurrent	<u>5,592</u>

TOTAL ASSETS \$1,182,519

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 110
Accrued Payroll Expenses	851
Note Payable	28,000
Accrued Interest	3,865
Accrued Real Estate Taxes	<u>5,400</u>

TOTAL CURRENT LIABILITIES 38,226

NET ASSETS

Unrestricted - Undesignated	79,517
Unrestricted - Designated	<u>844,061</u>
Total Unrestricted	923,578
Temporarily Restricted	<u>220,715</u>

TOTAL NET ASSETS 1,144,293

TOTAL LIABILITIES AND NET ASSETS \$1,182,519

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2003**

REVENUE AND OTHER SUPPORT	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Donations	\$ 77,621	\$ 0	\$ 77,621
Ohio Resource Triangle	143,661	0	143,661
Grant	50,000	0	50,000
Contracted Services	37,137	0	37,137
Membership Dues	1,200	0	1,200
Note Interest/Fees	25	489	514
Interest on Bank Accounts	6,140	4,611	10,751
Reimbursements	10,100	0	10,100
Miscellaneous	13,201	0	13,201
Net Assets Released from Restrictions:			
Returned to Grantor	<u>0</u>	<u>(49,000)</u>	<u>(49,000)</u>
TOTAL REVENUE AND SUPPORT	339,085	(43,900)	295,185
 EXPENSES			
Salaries	62,982	0	62,982
Payroll Taxes	5,368	0	5,368
Retirement	4,980	0	4,980
Employee Benefits	1,094	0	1,094
Disability Insurance	2,340	0	2,340
Membership Fees	0	0	0
Office Supplies	4,612	0	4,612
Accounting/Legal	4,358	0	4,358
Advertising/Public Relations	498	0	498
Service Fee/Bank Charges	835	0	835
Seminars/Association Fees	1,057	0	1,057
Travel	3,500	0	3,500
Rent	7,025	0	7,025
Telephone	3,496	0	3,496
Miscellaneous	910	0	910
Depreciation	311	0	311
Insurance	2,742	0	2,742
Lawn Maintenance	2,600	0	2,600
Interest Expense	1,400	0	1,400
Moving	1,294	0	1,294
Economic Development Expense	3,547	0	3,547
Gas Study	18,925	0	18,925
Ohio Resource Triangle	134,888	0	134,888
Loss on Disposal of Assets	<u>488</u>	<u>0</u>	<u>488</u>
TOTAL EXPENSES	<u>269,250</u>	<u>0</u>	<u>269,250</u>
 CHANGE IN NET ASSETS	 69,835	 (43,900)	 25,935
 NET ASSETS, BEGINNING OF YEAR	 <u>853,743</u>	 <u>264,615</u>	 <u>1,118,358</u>
 NET ASSETS, END OF YEAR	 <u>\$ 923,578</u>	 <u>\$ 220,715</u>	 <u>\$1,144,293</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 25,935
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	311
Loss on Disposal	488
Change in Assets & Liabilities:	
Grant Receivable	12,375
Accounts Receivable	100
Prepays	(438)
Accounts Payables	(14,337)
Accrued Expenses	1,577
Deferred Income	<u>(135)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 25,876

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Expenditures	(57,069)
Collection on Notes Receivable	<u>2,268</u>

NET CASH (USED) BY INVESTING ACTIVITIES (54,801)

NET DECREASE IN CASH AND CASH EQUIVALENTS (28,925)

CASH AND CASH EQUIVALENTS, JANUARY 1, 2003 529,585

CASH AND CASH EQUIVALENTS, DECEMBER 31, 2003 \$ 500,660

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for interest	\$ 0
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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

• **Basis of Accounting**

Assets and liabilities and revenue and expense are recognized on the accrual basis of accounting. Therefore, certain revenue and the related assets are recognized when earned rather than when received, and certain expenses are recognized when incurred rather than when the obligation was paid.

• **Property and Depreciation**

Depreciable assets are recorded at cost. Depreciation of depreciable assets is determined by the individual asset on a straight-line basis. The estimated useful lives of the furniture and equipment is five years.

Minor renewals and replacements are charged against income while major renewals and replacements are charged to appropriate asset accounts.

• **Federal Income Tax**

No provisions are made for federal, state, or local income tax because the Organization is tax exempt under Section 501(c)(6) of the Internal Revenue Code.

• **Cash Equivalents**

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents for the cash flows statement. The Organization had no cash equivalents at December 31, 2003.

• **Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. Fund accounting is used internally to track designated and restricted accounts. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. The internal funds and related net asset classifications are as follows:

General Fund (Unrestricted) - Economic development activities

Industrial Park Fund (Unrestricted - Designated) - Development and construction of industrial parks

Revolving Loan Fund (Temporarily Restricted) - Community Development Block Grant revolving loan funds

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Contributions**

The Organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

• **Organizational Programs**

The Organization's basic programs are:

- 1) The administration of a Revolving Loan Fund, which makes low interest loans available to local business entities that encourage economic development and create jobs in the community.
- 2) The encouragement of both foreign and domestic investment in the local community, as well as publicizing the advantage of locating job-creating industries in the Chillicothe-Ross County area.
- 3) The Organization facilitates real estate transactions for the county and city to encourage new business to locate in the community.

• **Estimates**

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

• **Advertising**

The Organization expenses advertising costs as they are incurred.

2. RESTRICTIONS ON NET ASSETS

All of the restrictions on net assets at the end of 2003 relate to Community Development Block Grants received in prior years for use in the revolving loan program and program income generated through operation of the program.

3. NOTES RECEIVABLE

The Corporation has received distributions of Community Development Block Grant funds from the City of Chillicothe and Ross County for the purpose of making low-interest loans designed to encourage economic development in the community and spur the creation of jobs available to local business entities. The notes receivable held by the Corporation's Revolving Loan Fund are the result of such loans. Principal amounts of the notes receivable due within one year are set up as current assets. Principal amounts due after one year are set up as long-term.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS**

4. REVOLVING LOAN FUND - BAD DEBT

In accordance with the accrual basis, bad debts on loans receivable are estimated based upon prior history and current status of the loans. No allowance for doubtful accounts has been established at December 31, 2003.

5. DONATIONS AND GRANTS

The following cash donations for economic development were made to the unrestricted and unrestricted-designated funds in 2003:

	<u>Unrestricted</u>	<u>Unrestricted- Designated</u>
American Electric Power	\$ 500	\$ 0
Mead Westvaco Corporation	28,000	0
PPG	500	0
YSK	21,000	0
Kenworth Truck	5,535	0
AKM	150	0
Ross County	15,443	0
Infosight	350	0
Vitaoe	700	0
Chillicothe Paints	<u>5,443</u>	<u>0</u>
TOTAL	<u>\$ 77,621</u>	<u>\$ 0</u>

6. PASS-THROUGH TRANSACTIONS

The Community Improvement Corporation facilitates real estate transactions for Ross County and the City of Chillicothe to encourage new businesses to locate in the community. During 2003, \$157,428 in such transactions were conducted by the Community Improvement Corporation.

7. RELATED PARTY TRANSACTIONS

For the first two and one-half months of 2003, the Community Improvement Corporation rented space and received clerical services from the Greater Chillicothe Chamber of Commerce, and was included in the Chamber's liability insurance coverage. Rent was paid in the amount of \$792 and \$837 was paid as a service fee for clerical services. For the remainder of 2003, rent of \$6,188 was paid to City Centre, a non-related party. The Chamber of Commerce and the Community Improvement Corporation have directors that are members of both boards.

8. INTER-FUND TRANSFERS

During the year, amounts are transferred from the Corporation's revolving loan fund to its general fund. These amounts represent program income used to cover administrative expenses as permitted by Ohio Department of Development - Community Development Block Grant Revolving Loan Fund policies.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS**

9. CONCENTRATION OF CREDIT RISK

Community Improvement Corporation maintains cash balances at several financial institutions located in the Chillicothe area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. On December 31, 2003, the Corporation had four accounts at one financial institution with a combined balance of \$507,779. The portion of uninsured funds at December 31, 2003, is \$407,779.

10. INDUSTRIAL PARK DEVELOPMENT

In October 1997, the City of Chillicothe transferred ownership of 91.94 acres of land to the Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc. This land, intended for development and construction of an Industrial Park, had been appraised by the Ross County Auditor's Office - Real Estate Division in the amount of \$101,140. The Organization has capitalized design, survey, taxes and other costs associated with the development of the property in accordance with Statement of Financial Accounting Standards No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*.

11. NOTE PAYABLE

In February 2000, the Organization obtained a loan from the Ross County Development Fund in the amount of \$8,000. An additional \$10,000 was borrowed in March 2001. Another \$10,000 was borrowed in March 2002. These loans include repayment with 5% interest and will be repaid at the rate of \$934 per acre of land sold in the foreign trade zone of Gateway Interchange Industrial Park until paid in full.

12. COMMITMENTS

The office of Housing and Community Partnerships within the Ohio Department of Development reviewed and approved Ross County Commissioners' request to transfer up to \$294,000 in County Revolving Loan Funds within the next five years to assist Ross County's new rural sewer repair or replacement program. The remaining funds are due to be paid to the County over the next two years:

<u>Fiscal Year</u>	<u>Amount</u>
2004	\$ 49,000
2005	<u>24,500</u>
	<u>\$ 73,500</u>

13. FUTURE LEASE PAYMENTS

A two-year agreement was entered into with City Centre, Ltd., to rent office space in February 2003. This agreement runs through March 31, 2005. The base annual rent is \$7,425. Future annual rental payments are:

2004	\$ 7,425
2005	\$ 1,856

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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September 20, 2004

Board of Directors
Community Improvement Corporation of
Greater Chillicothe, Ross County,
Including Chillicothe, Ohio, Inc.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

We have audited the financial statements of Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated September 20, 2004. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Corporation in a separate letter dated September 20, 2004.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Greater Chillicothe, Ross County, Including Chillicothe, Ohio, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, Board of Directors, City of Chillicothe and Ross County, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**Auditor of State
Betty Montgomery**

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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE
ROSS**

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
NOVEMBER 16, 2004**