HOCKING COUNTY COMMUNITY IMPROVEMENT CORPORATION
A Non-Profit Organization

FINANCIAL STATEMENTS

For the Twelve Months Ended December 31, 2024

Snyder & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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FOUNDER:
JOHN W. SNYDER, CPA – 1936 - 2013

ACCOUNTANTS' DISCLAIMER REPORT

To the Board of Trustees
Hocking County Community Improvement Corporation
Logan, Ohio

The accompanying financial statements of Hocking County Community Improvement Corporation (a non-profit organization) as of and for the year ended December 31, 2024, were not subjected to an audit, review or compilation engagement by us and, we do not express an opinion, a conclusion, nor provide any assurance on them.

Snyder & Company

Snyder & Company
Lancaster, Ohio

April 21, 2025

HOCKING COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2024

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	125,533
Cash and Cash Equivalents, with Donor Restrictions		134,876
Certificates of Deposit, Current		151,878
Accounts Receivable		352
Prepaid Expenses		21,871
Notes Receivable, Current		52,304
TOTAL CURRENT ASSETS		486,814
PROPERTY AND EQUIPMENT		
Buildings		4,805,214
Land		604,796
Land Improvements		168,163
Office Equipment		11,410
		5,589,583
Less: Accumulated Depreciation		(2,014,287)
NET PROPERTY AND EQUIPMENT		3,575,296
OTHER ASSETS		
Industrial Park Development Costs		455,589
CIP - Building D		2,275,601
Building E Renovation Receivable		173,155
Notes Receivable, Non-Current		115,503
Investment - Joint Venture		306,522
TOTAL OTHER ASSETS		3,326,370
TOTAL ASSETS	$	7,388,480
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$	7,959
Accrued Expenses		89,059
Advanced Rent		15,970
Current Portion of Long-Term Debt		222,482
TOTAL CURRENT LIABILITIES		335,470
LONG-TERM LIABILITIES		
Bank Loan, Net of Current Portion		3,031,294
TOTAL LONG-TERM LIABILITIES		3,031,294
TOTAL LIABILITIES		3,366,764
NET ASSETS		
With Donor Restrictions		310,485
Without Donor Restrictions		3,711,231
TOTAL NET ASSETS		4,021,716
TOTAL LIABILITIES AND NET ASSETS	$	7,388,480

HOCKING COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Rent Income	$ 1,051,806	$ -	$ 1,051,806
Revolving Loan Interest	-	10,841	10,841
Other Income	45,450	-	45,450
Investment - MBS Logan	108,011	-	108,011
TOTAL OPERATING REVENUES	1,205,267	10,841	1,216,108
OPERATING EXPENSES			
Administrative Expenses	256,019	-	256,019
Depreciation and Amortization	151,647	-	151,647
Insurance	27,318	-	27,318
Interest	182,495	-	182,495
Professional Fees	15,435	-	15,435
Real Estate Taxes	82,152	-	82,152
Rent, Utilities and Security	107,951	-	107,951
Repairs and Maintenance	251,248	-	251,248
TOTAL OPERATING EXPENSES	1,074,265	-	1,074,265
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	131,002	10,841	141,843
NON-OPERATING INCOME AND EXPENSE			
Interest Income	22,482	-	22,482
NET NON-OPERATING INCOME(EXPENSE)	22,482	-	22,482
INCREASE (DECREASE) IN NET ASSETS	153,484	10,841	164,325
NET ASSETS, BEGINNING OF YEAR	3,557,747	299,644	3,857,391
NET ASSETS, END OF YEAR	$ 3,711,231	$ 310,485	$ 4,021,716

HOCKING COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

	Program Services	Management & General	Total
OPERATING EXPENSES			
Administrative Expenses	$ -	$ 256,019	$ 256,019
Depreciation and Amortization	151,647	-	151,647
Insurance	19,419	7,899	27,318
Interest	182,495	-	182,495
Professional Fees	2,860	12,575	15,435
Real Estate Taxes	82,152	-	82,152
Rent, Utilities and Security	104,734	3,217	107,951
Repairs and Maintenance	251,248	-	251,248
TOTAL OPERATING EXPENSES	$ 794,555	$ 279,710	$ 1,074,265

HOCKING COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	$ 164,325
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	151,647
(Increase) Decrease in Operating Assets:	
Accounts Receivable	5,974
Prepaid Expenses	(19,619)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(3,806)
Accrued Expenses	813
Advanced Rent	11,445
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	310,779
CASH FLOWS FROM INVESTING ACTIVITIES	
Certificates of Deposit	(7,851)
Notes Receivable Repayments	105,991
Property and Equipment Acquisitions	(6,000)
Construction in Progress	(139,061)
Building E Renovation Receivable	8,054
(Income) Loss from Investment in Joint Venture	(108,011)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(146,878)
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan Proceeds	-
Principal Payments	(204,308)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(204,308)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,407)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	300,816
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 260,409
CASH REPRESENTED BY:	
Cash and Cash Equivalents	$ 125,533
Cash and Cash Equivalents, with Donor Restrictions	134,876
TOTAL CASH AND CASH EQUIVALANTS	$ 260,409

See Accountants' Disclaimer Report

NATURE AND SCOPE OF BUSINESS

Hocking County Community Improvement Corporation (CIC) is a nonprofit corporation organized under the provisions of Section 501(c) (4) of the Internal Revenue Code for the purpose of providing land and building facilities in an effort to attract business to the Logan-Hocking County area. The corporation owns several industrial development tracts and five commercial buildings which are under lease.

The CIC also provides loans, which carry interest rates at or below market rates to small businesses; whom may not be able to obtain these loans from financial institutions. The terms of these loans are described more fully prospectively.

Management believes the financial statements included in this report represent all of the activities over which the Corporation is financially accountable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

During 2018, the CIC adopted Financial Accounting Standards Update ("ASU") No. 2016-14; *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities.* The main provisions of this update include: presentation of two classes of net assets (reduced from three classes); reported expenses by both natural and functional classification; reporting investment returns net of external and direct internal investment expenses; qualitative information about management of liquidity; quantitative information about financial assets available within one year; and recognition of underwater endowment funds as a reduction of net assets.

> <u>Net Assets with Donor Restrictions:</u> Net assets whose use is limited by donor-imposed time and/or purpose restrictions.
>
> <u>Net Assets without Donor Restrictions:</u> Net assets which are not subject to or are no longer subject to donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction; unless their use is restricted by explicit stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has passed) are reported as reclassifications between the applicable classes of net assets. The CIC has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent donor restrictions were met in the year the contribution was received.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Accounts Receivables

The CIC accounts for their receivables on an accrual basis. The organization uses the direct write-off method for accounts receivable. The CIC keeps a low balance of receivables, thus the allowance for doubtful accounts is not material to their receivable balance presentation.

Notes Receivable, Cash and Cash Equivalents and Net Assets with Donor Restrictions

The CIC maintains a revolving loan fund which makes loans to local businesses and was initially funded with USDA federal grants. These grants carry certain covenants and are reviewed each October by the USDA for compliance. Management of CIC stated as of December 31, 2024 the CIC is in good standing with the grant's covenants. The loans made to local businesses (note receivables) are for terms of up to 10 years and amounts of $3,000 - $75,000. Payments of principal and interest are due monthly and are secured by recipient's collateral. The carrying amounts of the note receivables are reduced by an allowance that reflects management's best estimate of balances that will not be collected. The note receivables outstanding as of December 31, 2024 totaled $167,806 and were all deemed collectible; therefore, no allowance for doubtful accounts was deemed necessary.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	Years
Buildings	40-50
Improvements and additions	5-25
Office equipment	3-7

Total depreciation expense was $151,647 at December 31, 2024. Expenditures for maintenance and repairs are charged to expense as incurred.

There was no amortization expense at December 31, 2024.

Advertising

The CIC follows the policy of charging the costs of marketing and advertising to operating expense as incurred. The total advertising expense was $7,070 at December 31, 2024.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The CIC was incorporated as a nonprofit entity; and the IRS has determined that the CIC is exempt from taxation under §501(c) (4) of the Internal Revenue Code; therefore, no provision for income taxes is shown in the financial statements. Even though the CIC is exempt from taxes, it is required to file an annual tax return (Form 990) and is subject to possible U.S. Federal income tax examinations for open tax years; generally, three years after they are filed.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the CIC considers all checking accounts, savings accounts, money market accounts and certificates of deposit with maturities of 3 months or less from the balance sheet date to be cash equivalents.

Cash and net assets with donor restrictions presented on the statement of financial position reflect proceeds from the original USDA grant along with cumulative funds generated from these lending activities throughout the years. Cash and cash equivalents are held in interest bearing checking accounts. Funds held in current CD's enable the funds to earn interest while maintaining liquidity. Financial assets which are subject to restriction make them unavailable for general expenditures within one year of the statement of financial position date. As of December 31, 2024 the CIC has $310,485 of net assets subject to donor restriction. As part of the CIC's liquidity management policy, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Net cash flows from operating activities include cash payments for interest of $182,495.

Certificates of Deposit

In October, 2023, the CIC transferred $142,857 into a new certificate of deposit (CD) with Vinton County National Bank. The CD has an interest rate of 4.88%, with a maturity date of March, 2025. It has a balance of $151,878 as of December 31, 2024. Interest earned on the account during 2024 was $7,851.

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:

Cash and Cash Equivalents: Without Donor Restrictions	$ 125,533
Cash and Cash Equivalents: With Donor Restrictions	134,876
Accounts Receivable	-0-
Certificates of Deposit: Current	151,878

LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

Notes Receivable: Current	52,304
Subtotal: Financial Assets at year-end	464,591
Less: those financial assets unavailable for general expenditures within one year due to:	
Proceeds and Cumulative Funds for Revolving Loan Accounts	(82,152)
Reserves for Advanced Rent	-0-
Reserve for Customer Deposits	-0-
	(82,152)
Financial assets available within one year to meet cash needs for general expenditures	$ 382,439

CONCENTRATIONS OF RISK

The CIC maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. These balances fluctuate during the year and at times exceed the FDIC limit. The CIC's uninsured cash balances totaled $163,617 at December 31, 2024.

The CIC derives all of its lease income from lessees who are located in the Logan-Hocking County area.

LONG-TERM DEBT

A summary of long-term debt payable at December 31, 2024 is as follows:

A commercial mortgage of $1,300,000 with Vinton County National Bank was obtained December 21, 2017 for the purchase of a commercial building. Payments are currently $10,022 per month, with an annual interest rate of 8.00%. The loan is secured by the real estate.	$ 933,667
A commercial mortgage of $200,000 with the Vinton County National Bank, obtained November 23, 2020 for building improvements. Payments of $1,139 per month in 2021; maturing in 2040. Interest is at a variable rate starting at 3.25% per annum, which is not to change more frequently than once every 60 months.	160,686
An open-end mortgage which has a maximum credit limit of $1,800,000 with Vinton County National Bank, obtained January 20, 2022 for building improvements. Interest only payments on the outstanding principal balance for 6 months began on November 20, 2022. This is to be followed by 234 principal and interest payments of $10,672.22 beginning May 20, 2023 subject to annual rate changes beginning January 20, 2027. Interest rate on this loan is currently at 3.5%.	1,681,828

LONG-TERM DEBT (continued)

A commercial mortgage of $1,918,000 with The former Citizens Bank of Logan obtained June 2, 2003 for the construction of a medical office building. This loan was re-financed with Vinton County Bank for 20 years at 3.75% in 2013, maturing in 2033; the interest rate was adjusted to 7.25% in 2023. Payments are currently $6,294 per month, though additional principal payments are being made. The loan is secured by real estate, furniture and fixtures.	477,585
Total Debt	$ 3,253,776
Less: Current Maturities	(222,482)
Bank Loans, Net of Current Portion	$ 3,031,294

Current maturities of long-term debt for the five years subsequent to December 31, 2024 are as follows:

2025	$ 222,482
2026	236,286
2027	251,049
2028	266,843
2029	283,743
Thereafter	1,993,373
Total	$ 3,253,776

INVESTMENT IN JOINT VENTURE

On May 20, 2021 the CIC contributed $200,000 along with approximately 12.4 acres of real estate with an estimated fair market value of $174,432 in exchange for 38 class B units representing 35% and 20 class C units representing 18% of the equity interests of MBS Logan, LLC (MBSL). The purpose of MBSL is to construct and operate a 50,000 square foot building on the real estate contributed by the CIC. Construction of this building was completed in July 2022, and fully leased in July 2023.

The CIC is accounting for this investment under the equity method. The estimated fair market value of the real estate at the time of contribution is the carrying value on the balance sheet. As of December 31, 2024, the balance of the investment is $306,522 after MBSL reported a $108,011 gain to CIC for the year.

BUILDINGS

The CIC owns five (5) commercial buildings that currently have space being rented or available for rent.

Building A

The CIC completed the construction of Building A located in Logan, OH in 1973. The capitalized cost of this building at December 31, 2024 is 815,445 and the accumulated depreciation at December 31, 2024 is $344,305.

Tenant No. 1 has leased the entire building since October, 2004. The current lease carries an annual base rent of $466,989, payable in quarterly installments and is set to expire June 30, 2025. Tenant No. 1 has no option to purchase this property and the lease is considered an operating lease.

Building B

The CIC completed the construction of Building B located in Logan, OH in 2004. The total capitalized cost of this building at December 31, 2024 is $2,671,373 and the accumulated depreciation at December 31, 2024 was $1,329,034.

Tenant No. 2 has occupied a portion of the building since September, 2004. The current lease carries an annual base rent of $190,086, payable in monthly installments and is set to expire March 31, 2025. Tenant No. 2 has no option to purchase this property and the lease is considered an operating lease.

Tenant No. 3 has occupied a portion of the building since August, 2004. The initial lease was for a ten-year period and was extended in 2024 through April, 2034, at a base annual rent of $191,642. Tenant No. 3 has no option to purchase this property and the lease is considered an operating lease.

Building C

The CIC acquired the building located in Logan, OH in 2015. The total capitalized cost of this building at December 31, 2024 is $570,605, and the accumulated depreciation at December 31, 2024 is $125,403.

Tenant No. 4 has occupied a portion of the building since June, 2005. The lease was extended in 2021 through June, 2022, with an option to renew for 36 additional months ending June, 2025 at a base annual rent of $18,000. Tenant No. 4 has no option to purchase this property and the lease is considered an operating lease.

Tenant No. 5 has occupied a portion of the building since August, 2020. The current lease began on September 1, 2022 and ends on August 31, 2025. The monthly rent is $900 for the months of September, 2022 through February, 2023 and $1,800 per month for the remainder of the term. Tenant No. 5 has no option to purchase this property and the lease is considered an operating lease.

Building D

The CIC acquired the building located in Logan, OH in 2017. The total capitalized cost of this building at December 31, 2024 is $177,051, and the accumulated depreciation at December 31, 2024 was $26,424.

Tenant No. 6 has occupied a portion of the building since February, 2000. The current lease addendum extends the lease through January, 2025, at a base annual rent of $54,300 with one five-year option to renew at a base annual

BUILDINGS (continued)

rent of $59,730. Tenant No. 6 has no option to purchase this property and the lease is considered an operating lease.

Tenant No. 7 has occupied a portion of the building since January, 2017. The current lease is for a two-year period through December 2026, with no option to renew at a base annual rent of $10,800. Tenant No. 7 has no option to purchase this property and the lease is considered an operating lease.

In June 2021 Tenant No. 8 signed a lease to occupy approximately 4,320 square feet of basement space. The lease is for 3 years at $67,003 per year, payable in monthly installments of $5,584, with no option for renewal. The lease commenced August 1, 2024 and will expire July 31, 2027. Tenant No. 8 has no option to purchase this space and the lease is considered an operating lease.

Building E

The CIC acquired the building located in Logan, OH in December, 2017. The total capitalized cost of this building at December 31, 2024 is $1,343,077 and accumulated depreciation at December 31, 2024 was $179,339.

Tenant No. 9 renewed its lease for a portion of this building commencing November 1, 2021. Annual rent payments amount to $20,400 and are payable in monthly installments. The tenant exercised its right to extend the lease on a year-to-year basis effective November 1, 2024. Early termination of this lease may be requested, if Tenant No. 9's primary customer is lost. Upon such happening, CIC has promised to negotiate fair and equitable termination terms. Tenant No. 9 has no option to purchase this space and the lease is considered an operating lease.

Tenant No. 14 entered into a lease agreement commencing July 1, 2023 for a period of 10 years ending June 30, 2033. The lease is payable in monthly installments of $2,008. Tenant No. 14 has no option to purchase this space and the lease is considered an operating lease.

Tenant No. 11 entered into a lease agreement for a portion of the building on April 9, 2019; and expanded the portion of the building through an amendment on September 10, 2019. The initial term is 12 months commencing June 1, 2019 and ending May 31, 2021; unless terminated earlier as provided in the lease. Tenant No. 11 has the right to extend the lease term annually through May 31, 2025. Annual rent is $39,923 and is payable in monthly installments of $3,326. Tenant No. 11 has no option to purchase this space and the lease is considered an operating lease.

OTHER LEASE INCOME

On May 31, 2019, the CIC entered into a lease with Tenant No. 12 for a 20' by 25' space to construct a satellite access node at Commerce Park. The initial terms of the lease are three (3) years commencing September 1, 2019 and ending August 31, 2022; with six (6) automatic renewal terms of three (3) years each; unless terminated earlier. Currently, Tenant No. 12 is paying $530 per month.

FUTURE MINIMUM RENT INCOME

Future minimum lease receipts expected under current operating leases as of December 31, 2024 are as follows:

2025	$ 695,563
2026	353,277
2027	314,562
2028	275,473
2029	275,473
Total	$ 1,914,348

INDUSTRIAL PARK DEVELOPMENT COSTS

The CIC completed this land development project during 2005. Since then, there have been several tracts of land sold. The industrial park offers opportunities for mixed-use development, and has approximately 30 acres remaining available for sale. During 2021, the CIC contributed land with an estimated fair market value of $174,432 to MBSL as previously disclosed. During 2022, the CIC sold 2.161 acres of land with a calculated cost of $54,539 for $64,830 resulting in a gain of $10,291.

COMPENSATED ABSENCES

Employees of the CIC are entitled to paid vacation and sick days depending on job classification, length of service and other factors. It is not practical for the CIC to estimate the amount of compensation for future absences. Accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The CIC's policy is to recognize the costs of compensated absences when actually paid to employees.

FUNCTIONAL EXPENSES

The costs of providing program services and other activities have been summarized on a functional basis in the statement of functional expenses. No costs have been allocated between program services and management and general expenses. Management diligently classifies an expense according to its functional purpose. The CIC has not engaged in any fundraising activities during the 2024 year.

CONSTRUCTION IN PROGRESS

During 2021, the CIC entered into a $1,636,000 contract to remodel Building D. A Construction in Progress (CIP) asset account was set up to report amounts paid to date on this contract. Additional costs have been incurred since that original contract. As of December 31, 2024, the balance of this account was $2,275,601.

BUILDING E RENOVATION RECEIVABLE

During 2022, the CIC entered into an agreement with Tenant No. 14 to pay for the renovation of their building. Total current cost of this renovation incurred by CIC was $185,045, which Tenant No. 14 will pay back plus interest. As of December 31, 2024, the receivable balance is currently at $173,155. The payment terms for this receivable are included in the 10-year lease agreement Tenant No. 14 executed with CIC for the premises located in Logan, Ohio. The monthly payments on the receivable are $1,633 per month at 6.5% interest.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2025, the date on which the financial statements were available to be issued.