
CANTON COMMUNITY IMPROVEMENT CORPORATION

AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

December 31, 2000 and 1999

Smith, Barta & Company

Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Canton Community Improvement Corporation
Canton, Ohio 44708

We have reviewed the Independent Auditor's Report of the Canton Community Improvement Corporation, Stark County, prepared by Smith, Barta & Company, for the audit period January 1, 2000 through December 31, 2000. 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 Canton Community Improvement Corporation is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 24, 2001

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Canton Community Improvement Corporation
Canton, Ohio

We have audited the accompanying statement of financial position of Canton Community Improvement Corporation (a non-for-profit corporation) as of December 31, 2000, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 1999 financial statements and in our report dated May 15, 2000, we expressed an unqualified opinion on those financial statements.

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 statement. 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 Canton Community Improvement Corporation as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 7, 2001, on our consideration of Canton Community Improvement Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Canton Community Improvement Corporation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Smith, Barta & Company

Certified Public Accountants

June 7, 2001

Canton, Ohio

CANTON COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2000 and 1999

ASSETS

	<u>2000</u>	<u>1999</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 22,071	\$ 4,979
Grant receivable	-	2,333
Deposit	10	10
TOTAL CURRENT ASSETS	<u>22,081</u>	<u>7,322</u>

DONATED REAL PROPERTY

Held for future use	322,771	323,971
Utilized, net of depreciation - NOTE C	167,223	171,539
	<u>489,994</u>	<u>495,510</u>
	<u>\$ 512,075</u>	<u>\$ 502,832</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Withheld payroll taxes	\$ 319	\$ 1,399
Other liability	13,392	4,997
Accrued expenses	3,404	3,066
TOTAL CURRENT LIABILITIES	<u>17,115</u>	<u>9,462</u>

COMMITMENTS AND CONTINGENT LIABILITIES - NOTE F

- -

NET ASSETS - Unrestricted

	494,960	493,370
	<u>\$ 512,075</u>	<u>\$ 502,832</u>

The accompanying notes are an integral part of these financial statements.

CANTON COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF ACTIVITIES

Years ended December 31, 2000 and 1999

	TOTAL	
	2000	1999
<u>SUPPORT AND REVENUE</u>		
Grant	\$ 379,832	\$ 202,910
Donated real property	-	262,200
Rental income	1,966	2,443
Interest earned	131	73
Gain on sale of real property	2,800	-
	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	384,729	467,626
 <u>EXPENSES</u>		
Program services:		
Economic development grants	267,227	77,000
Economic development loans	20,000	62,500
Program income returned to grantor	6,097	2,443
Depreciation	4,316	4,316
Surveying and other professional fees	14,432	8,247
Miscellaneous	1,103	400
Real estate taxes	19,184	1,353
	<hr/>	<hr/>
TOTAL PROGRAM SERVICES	332,359	156,259
 Support Services:		
Administrative wages and fees	44,135	45,782
Payroll taxes	3,648	3,691
Workers' compensation insurance	90	68
Accounting fees	2,900	2,975
Bank charges and office supplies	7	219
	<hr/>	<hr/>
TOTAL SUPPORT SERVICES	50,780	52,735
	<hr/>	<hr/>
TOTAL EXPENSES	383,139	208,994
	<hr/>	<hr/>
INCREASE IN NET ASSETS	1,590	258,632
	<hr/>	<hr/>
NET ASSETS AT BEGINNING OF YEAR	493,370	234,738
	<hr/>	<hr/>
NET ASSETS AT END OF YEAR	\$ 494,960	\$ 493,370
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The accompanying notes are an integral part of these financial statements.

CANTON COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF CASH FLOWS

Years ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 1,590	\$ 258,632
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,316	4,316
Gain on sale of real property	(2,800)	-
Decrease in grant receivable	2,333	721
Increase in other liabilities	7,653	2,441
	<u>13,092</u>	<u>266,110</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,092	266,110
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Increase in donated real property	-	(262,200)
Proceeds from sale of real property	4,000	-
	<u>4,000</u>	<u>(262,200)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4,000	(262,200)
NET INCREASE IN CASH	17,092	3,910
CASH AT BEGINNING OF YEAR	<u>4,979</u>	<u>1,069</u>
CASH AT END OF YEAR	<u>\$ 22,071</u>	<u>\$ 4,979</u>

The accompanying notes are an integral part of these financial statements.

CANTON COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Canton Community Improvement Corporation is a non-profit corporation organized under Chapter 1724 of the Ohio Revised Code for the purpose of promoting industrial, economic, commercial and civic development. The Corporation has been designated as the City of Canton's agent for industrial, commercial, distribution and research development. The majority of the Corporation's activities involve providing loan funds and grants for eligible economic development projects.

FINANCIAL STATEMENT PRESENTATION

The Canton Community Improvement Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Canton Community Improvement Corporation 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) based upon the existence or absence of donor-imposed restrictions.

USE OF 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

Substantially all of the Corporation's revenue is derived from a grant from the City of Canton. The grant revenue provides economic development loans, programs, other economic development activities eligible under the U.S. Department of Housing and Urban Development's Community Development Block Grant (Entitlement Grant) Program, and for administrative expenses of the Corporation. Grant revenue is recognized to the extent that expenses eligible for reimbursement under the grant agreement have been incurred during the period.

DONATED FACILITIES AND SERVICES

The City of Canton provides the Corporation with office space and various office services without charge. The value of these donated facilities is not recognized in the accompanying financial statements because no objective basis is available to measure the value of the donated facilities.

The value of legal, clerical and other services provided by City of Canton employees to the Corporation is not recognized in the accompanying financial statements, because the Corporation does not exercise control over the employment and duties of these individuals in a way comparable to the control it would exercise over employees with similar responsibilities.

CANTON COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

DONATED REAL PROPERTY

REAL PROPERTY HELD FOR FUTURE USE

Real property held for future use represents land and buildings donated to the Corporation by the City of Canton to be used in future economic development projects. The land and buildings have been recorded at their fair value as of the date of the contribution.

UTILIZED REAL PROPERTY

Real property donated by the City of Canton currently being utilized for an economic development project is stated at its fair value as of the date of the contribution less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

INCOME TAXES

The Corporation is a non-profit entity and has been granted an exemption from income taxes under the provisions of the Internal Revenue Code Section 501(c)(4).

NOTE B - PROGRAM INCOME

Under the terms of the agreement between the Corporation and the City of Canton, all income generated from the use of Community Development Block Grant funds is considered program income and must be returned to the City of Canton.

NOTE C - DONATED REAL PROPERTY

A summary of property being utilized at December 31, is as follows:

	<u>2000</u>	<u>1999</u>
Land and building	\$ 182,000	\$ 182,000
Land and land improvements	12,650	12,650
Scale housing	3,150	3,150
	<u>197,800</u>	<u>197,800</u>
Less accumulated depreciation	30,577	26,261
	<u>\$ 167,223</u>	<u>\$ 171,539</u>

NOTE D - ECONOMIC DEVELOPMENT LOANS

As the City of Canton's agent for industrial, commercial, distribution and research development, the Corporation disburses loan funds to recipients for economic development projects approved by the Board of Trustees. Although the Corporation disburses the loan funds, the City of Canton collects the loans. Loan collections are retained by the City of Canton.

CANTON COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

NOTE E - FUNDING AGREEMENTS

The Corporation receives substantially all of its funding from the City of Canton. A significant reduction in the level of funding provided by the City would have a significant effect on the Corporation's activities.

NOTE F - COMMITMENTS AND CONTINGENT LIABILITIES

LOANS AND GRANTS

As of December 31, 2000, there were two grants amounting to \$62,000, approved by the Board of Trustees and not yet disbursed.

As of December 31, 1999, there were four grants amounting to \$278,648, approved by the Board of Trustees and not yet disbursed.

GUARANTEE

The Corporation has entered into an agreement with a commercial lending institution to guarantee a construction loan of a local business up to \$35,000. The guarantee commenced May 16, 1991, and covers the full amount for a period of five years from the commencement date and declines 20 percent per year over an additional five-year period. This loan was totally paid off as of March 2000.

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OTHER REPORTS AND SCHEDULES

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CANTON COMMUNITY IMPROVEMENT CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2000

<u>PROGRAM TITLE</u>	<u>CFDA #</u>	<u>EXPENDITURES</u>
MAJOR PROGRAMS:		
<u>Department of Housing and Urban Development</u>		
Pass-through City of Canton		
Community Development Block Grant	14.218	\$ 379,832
TOTAL MAJOR PROGRAMS		<u>379,832</u>
TOTAL ALL FEDERAL PROGRAMS		<u>\$ 379,832</u>

See Independent Auditor's Report

CANTON COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2000

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Canton Community Improvement Corporation and is presented on the accrual basis of accounting.

Smith, Barta & Company

Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Canton Community Improvement Corporation
Canton, Ohio

We have audited the financial statements of Canton Community Improvement Corporation for the year ended December 31, 2000 and have issued our report thereon dated June 7, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Canton Community Improvement Corporation's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts and grants, 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 on noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Canton Community Improvement Corporation in a separate letter, dated June 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Canton Community Improvement Corporation'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 assurance 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 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 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, which we have reported to management of Canton Community Improvement Corporation in a separate letter dated June 7, 2001.

This report is intended solely for the information and use of the board of trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Barta & Company
Certified Public Accountants

June 7, 2001

Canton, Ohio

Smith, Barta & Company

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Canton Community Improvement Corporation
Canton, Ohio

Compliance

We have audited the compliance of Canton Community Improvement Corporation with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2000. Canton Community Improvement Corporation major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Canton Community Improvement Corporation management. Our responsibility is to express an opinion on Canton Community Improvement Corporation compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Canton Community Improvement Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Canton Community Improvement Corporation's compliance with those requirements.

In our opinion, Canton Community Improvement Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of Canton Community Improvement Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Canton Community Improvement Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Barta & Company
Certified Public Accountants

June 7, 2001

CANTON COMMUNITY IMPROVEMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2000

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified Yes No

Reportable condition(s) identified that are not considered to be weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? Yes No

Reportable condition(s) identified that are not considered to be weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CANTON COMMUNITY IMPROVEMENT CORPORATION

STARK 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
AUGUST 14, 2001**