



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2003

PAGE NO.

37131 Euclid Avenue
Willoughby, OH 44094
phone: 440.951.2997
fax: 440.951.0931

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**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Lake County
391 West Washington Street
Painesville, Ohio 44077

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Lake County, prepared by Heiser & Jesko, Inc., 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 Lake County is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

November 15, 2004

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INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS
COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY
LAKE COUNTY, OHIO

We have audited the accompanying statement of financial position of Community Improvement Corporation of Lake County as of December 31, 2003 and the related statements of activities, functional expenses 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. The prior year summarized comparative information has been derived from the 2002 financial statements and, in our report dated February 28, 2003, 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 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 the financial position of Community Improvement Corporation of Lake County as of December 31, 2003 and the changes in its net assets and cash flows for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2004 on our consideration of Community Improvement Corporation of Lake County's internal control over financial reporting and on 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 Community Improvement Corporation of Lake County 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.

Willoughby, Ohio
April 8, 2004

Heiser & Jeska



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2003
(WITH COMPARATIVE TOTALS FOR 2002)

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT ASSETS		
Cash (Note 1)	\$431,377	\$445,662
Grants & Contributions Receivable	112,051	159,811
Prepaid Rent	-	20,296
	<u>543,428</u>	<u>625,769</u>
PROPERTY AND EQUIPMENT - AT COST (Note 1)		
Furniture & Fixtures	43,396	43,396
Less: Accumulated Depreciation	37,870	30,296
	<u>5,526</u>	<u>13,100</u>
OTHER ASSETS		
Revolving Loan Fund (Note 3):		
Cash	21,319	4,441
Loans Receivable	28,181	20,559
	<u>49,500</u>	<u>25,000</u>
	<u>\$598,454</u>	<u>\$663,869</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$	\$ 2,584
Funds Due Other Agencies	27,634	81,698
	<u>27,634</u>	<u>84,282</u>
NET ASSETS (Note 1)		
Unrestricted	508,820	554,587
Temporarily Restricted	62,000	25,000
	<u>570,820</u>	<u>579,587</u>
	<u>\$598,454</u>	<u>\$663,869</u>

See accompanying notes.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2003
(WITH COMPARATIVE TOTALS FOR 2002)

	<u>2003</u>	<u>2002</u>
PUBLIC SUPPORT AND REVENUES		
PUBLIC SUPPORT		
SBDC (Net of Pass Through Grants - Note 6)	\$136,597	\$111,744
Membership	82,400	90,575
Lake County Commissioners	72,450	72,450
OITP/OEL - Grant	64,754	-
PTA (Net of Pass Through Grants - Note 6)	50,917	87,584
LCSBAC	40,000	48,500
RLF, Microloan & Fees	35,867	25,291
In-Kind Contribution	35,418	16,872
ITAC (Net of Pass-Through Grants - Note 6)	30,293	14,482
Ashtabula/Lake County (OPTA)	16,560	16,560
Team NEO	12,500	-
Other	2,950	20,355
OITP/OEL - Membership	2,100	9,865
	<u>582,806</u>	<u>514,278</u>
REVENUES		
LCSBAC (SBA) & Enterprise Zone Fees	36,969	34,896
Other Fees & Income	15,009	27,287
Interest Income	7,844	6,950
	<u>59,822</u>	<u>69,133</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>642,628</u>	<u>583,411</u>
EXPENSES		
Program:		
SBDC & SBA 504	174,900	171,461
Procurement Program	153,940	137,834
Enterprise Zone & Other	115,703	79,287
ITAC	87,664	74,448
Workforce Development Initiative	2,576	13,395
	<u>534,783</u>	<u>476,425</u>
General & Administrative	<u>116,612</u>	<u>137,357</u>
TOTAL EXPENSES	<u>651,395</u>	<u>613,782</u>
CHANGE IN NET ASSETS	(8,767)	(30,371)
NET ASSETS - Beginning	<u>579,587</u>	<u>609,958</u>
NET ASSETS - Ending	<u>\$570,820</u>	<u>\$579,587</u>

See accompanying notes.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2003
(WITH COMPARATIVE TOTALS FOR 2002)

	<u>2003</u>	<u>2002</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (8,767)</u>	<u>\$ (30,371)</u>
Adjustments to Reconcile Change in Net Assets to Cash Provided by(Used by) Operating Activities:		
Depreciation	7,574	7,574
Changes in Assets & Liabilities:		
Decrease(Increase) in Receivables	47,760	(28,065)
Increase in RLF Receivable	(24,500)	(25,000)
Decrease in Prepaid Rent	20,296	33,968
Increase(Decrease) in Liabilities	(56,648)	19,490
Decrease in Deposits	<u>-</u>	<u>199</u>
Total Adjustments	<u>(5,518)</u>	<u>8,166</u>
NET DECREASE IN CASH	(14,285)	(22,205)
CASH AT BEGINNING OF YEAR	<u>445,662</u>	<u>467,867</u>
CASH AT END OF YEAR	<u>\$431,377</u>	<u>\$445,662</u>

See accompanying notes.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2003
(WITH COMPARATIVE TOTALS FOR 2002)

	Procurement	SBDC &		Enterprise	Workforce	Total	General &	2003	2002
	Program	SBA 504	ITAC	Zone &	Development	Programs	Administrative	TOTAL	TOTAL
Personnel Costs	\$111,102	\$ 74,291	\$76,456	\$ 41,172	\$	\$303,021	\$ 36,673	\$339,694	\$333,937
OEL Membership & Program	100	500	744	65,878		67,222		67,222	23,572
Contract &									
Consulting Services		47,474				47,474	394	47,868	61,667
Occupancy	13,493	1,163	4,336			18,992	25,998	44,990	45,717
In-Kind Expenses	6,605	17,142				23,747	11,671	35,418	16,872
Travel & Conferences	15,717	2,009	1,923	1,906		21,555	4,692	26,247	24,602
Professional Fees		17,254				17,254	4,625	21,879	16,778
Computer	316	3,072	908	3,690	416	8,402	5,121	13,523	15,721
Telephone	1,991	1,895	1,428	1,419	1,286	8,019	1,511	9,530	10,438
Office & Miscellaneous	3,632	2,151	417	652	300	7,152	2,028	9,180	21,176
Printing & Copier	703	3,084	716	909	574	5,986	3,150	9,136	9,599
Depreciation							7,574	7,574	7,574
Automobile		51	200	5		256	6,950	7,206	6,259
Postage	178	3,637	341	67		4,223	5	4,228	3,858
Special Events & Other			20			20	3,910	3,930	7,354
Advertising & Promotion		254				254	1,953	2,207	4,070
Dues & Subscriptions	103	923	175	5		1,206	357	1,563	4,588
	<u>\$153,940</u>	<u>\$174,900</u>	<u>\$87,664</u>	<u>\$115,703</u>	<u>\$ 2,576</u>	<u>\$534,783</u>	<u>\$116,612</u>	<u>\$651,395</u>	<u>\$613,782</u>

See accompanying notes.

**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTES:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNATURE OF OPERATION AND MISSION STATEMENT

Community Improvement Corporation of Lake County (CIC) was incorporated under the not-for-profit corporation laws in the State of Ohio and is exempt from federal income taxation under Internal Revenue Code Section 501(C)(4). The purpose of CIC is to advance, encourage and promote the industrial, economic, commercial and civic development of the County of Lake, Ohio and the municipal corporations located in Lake County.

COMPARATIVE STATEMENTS

The financial statements include certain prior-year (2002) comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Organization's financial statements for the year ended December 31, 2002, from which the comparative total amounts were derived. The 2002 audited financial statement had an unqualified opinion expressed on it by Heiser & Jesko, Inc., CPA's.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence of existence and nature of donor-imposed restrictions as follows:

- Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets would permit the Organization to use all or part of the income earned on the asset.

**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTES (CONTINUED) :

There are no permanently restricted funds at December 31, 2003.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

DEPRECIATION

CIC depreciates its Property and Equipment over the estimated useful lives of the assets based upon the straight-line method.

TAX STATUS

CIC is a non-profit organization that is tax exempt under Section 501(c)(4) of the Internal Revenue Code.

CONTRIBUTIONS

All contributions are considered unrestricted unless specifically restricted by the donor.

RENOVATIONS & EQUIPMENT

Maintenance and repairs are charged to operations and expenditures for renewals and improvements and the fair value of donated fixed assets are capitalized. Provision for depreciation of assets is recorded by a charge against operations at rates which amortize the cost of such assets over their lives computed on the straight line method. The depreciable lives of assets generally are 10 years except for computers which are 5 years.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTES (CONTINUED) :

The cost of assets retired or otherwise disposed of and the related accumulated depreciation have been eliminated from the accounts and any resulting gain or loss charged to revenue.

Depreciation expense for each of the years ended December 31, 2003 and 2002 was \$7,574.

MAJOR FUNDING AND CONCENTRATION OF RISK

Major funding is as disclosed in the Statement of Activities (Page 3).

FINANCIAL INSTRUMENTS

The amounts recorded on the Statement of Financial Position for the financial instruments approximates the fair value of those items.

CASH FLOWS

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts on deposit that can be withdrawn on demand or mature within six months. Included in cash are savings and certificates of deposits of approximately \$315,000 in 2003 and \$384,000 in 2002.

NOTE 2. DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements:

PROCUREMENT PROGRAM

This program offers a wide range of services designed to assist business and industry involved in the federal market arena, or those intending to enter. Through several specially designed programs, a general knowledge of how-to-sell to government agencies is provided. The services also include assistance with local government bids, and state bids (Ohio and others).

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

SBDC provides a wide range of free management counseling to existing and start-up small businesses in Lake County.

SBA 504

The loan program provides low fixed rate loans, minimal down payment, and long-term incentives for small businesses investing in fixed assets.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTES (CONTINUED):

ITAC

International Trade Assistance Center provides counseling and support to companies wishing to begin exporting. The Center also supports regional trade missions, conducts training seminars, provides internet research and acts as a clearinghouse for its clients connecting them with all of the export support providers in this region.

ENTERPRISE ZONE

The Enterprise Zone serves as an additional economic development tool for communities attempting to retain and expand their economic base. The Center assists communities in remaining competitive by offering tax incentives for growth and development of new or existing businesses.

WORKFORCE DEVELOPMENT INITIATIVE

A Development Initiative has been established to address the local business community's concerns regarding the availability of skilled labor. Its mission is to raise the appropriate technical skills, employability skills, and educational level of the entry-level technical workforce in Lake County.

SITE SELECTION AND INDUSTRIAL REVENUE BONDS

This program works in cooperation with the local commercial real estate brokers and property owners to keep an updated inventory of available property. The municipalities are providing local tax information and area promotional features for businesses that wish to relocate in the area.

The Industrial Revenue Bond function provides assistance to businesses to obtain financing through the industrial revenue bonds.

GENERAL AND ADMINISTRATIVE

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the President; secure proper administrative function of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTES (CONTINUED):

NOTE 3. REVOLVING LOAN FUND

The Organization received \$24,500 (2003) and \$25,000 (2002) in CDBG funds to develop a Revolving Loan Fund (RLF) program. Loans of up to \$15,000 are disbursed to credit-worthy businesses on varying terms, with interest approximating the prime rate. Loans outstanding at December 31 were \$28,181 (2003) and \$20,559 (2002).

NOTE 4. RECLASSIFICATION OF EXPENSES

Certain expense items of the prior year have been reclassified to conform with the December 31, 2003 financial statement presentation.

NOTE 5. OPERATING LEASE COMMITMENTS

In the last quarter of 1998 CIC moved its operations to Lake Erie College. In lieu of rent for 5 years, CIC agreed to renovate its space for a cost of approximately \$156,000. This cost is reported as prepaid rent-current and prepaid rent-long-term on the statement of financial position. The costs of the renovations will be credited by Lake Erie College against rent due each month in the amount of approximately \$2,830 per month or \$33,968 per year. Total prepaid rent at December 31, is \$-0- (2003) and \$20,296 (2002). The lease was verbally renewed as contributed rent for a five-year period beginning October 1, 2003.

All other lease commitments are for automobiles and office equipment and are not significant to these financial statements.

NOTE 6. PASS THROUGH GRANTS ARE AS FOLLOWS:

	<u>2003</u>	<u>2002</u>
SBDC	\$ 63,482	\$140,679
PTA	34,455	49,312
ITAC	18,857	16,873

NOTE 7. NET ASSETS

Unrestricted Funds - These funds have no donor-imposed stipulations and the funds are used for general operating purposes and for purposes deemed necessary by the Board of Directors.

Temporary Restricted Net Assets - CIC recognizes temporarily restricted net assets when funds are received from an outside funding source before expenses are incurred or the revenue is otherwise earned.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTES (CONTINUED):

Temporarily restricted net assets at December 31, 2003 and 2002 are comprised of the following:

	<u>2003</u>	<u>2002</u>
CDBG Revolving Loan Fund	\$ 49,500	\$ 25,000
Team NEO	<u>12,500</u>	<u> </u>
	<u>\$ 62,000</u>	<u>\$ 25,000</u>



**INDEPENDENT AUDITOR'S 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 DIRECTORS
COMMUNITY IMPROVEMENT CORPORATION
OF LAKE COUNTY

We have audited the financial statements of Community Improvement Corporation of Lake County as of and for the year ended December 31, 2003, and have issued our report thereon dated April 8, 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* by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Lake County's financial statements are free of material misstatement, we performed tests of 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 of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Lake County'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.

This report is intended for the information of the finance committee, management, federal awarding agencies and pass-through entities, and the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

Willoughby, Ohio
April 8, 2004

Heiser & Tesko



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

BOARD OF DIRECTORS
COMMUNITY IMPROVEMENT CORPORATION
OF LAKE COUNTY

Compliance

We have audited the compliance of Community Improvement Corporation of Lake County 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, 2003. Community Improvement Corporation of Lake County major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Improvement Corporation of Lake County's management. Our responsibility is to express an opinion on Community Improvement Corporation of Lake County's 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 Community Improvement Corporation of Lake County'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 of Community Improvement Corporation of Lake County's compliance with those requirements.

In our opinion Community Improvement Corporation of Lake County 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, 2003.

Internal Control Over Compliance

The management of Community Improvement Corporation of Lake County 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 Community Improvement Corporation of Lake County'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.



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

Continued:

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.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Community Improvement Corporation of Lake County as of and for the year ended December 31, 2003, and have issued our report thereon dated April 8, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by OMB Circular A-133 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.

This report is intended for the information of the finance committee, management, federal awarding agencies and pass-through entities and the State of Ohio, and is not intended to be used and should not be used by anyone other than these specified parties.

Willoughby, Ohio
April 8, 2004

Heiser & Jesko



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2003

This schedule of expenditures of federal awards includes the federal grant activity of Community Improvement Corporation of Lake County ("CIC") and is presented on cash expenditures. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Cash Expenditures</u>
<u>DEPARTMENT OF DEFENSE</u>		
Procurement Technical Assistance (PTA) for Business Firms	12.002	\$ 77,871
<u>SMALL BUSINESS ADMINISTRATION</u>		
Small Business Development Centers	59.037	234,191*
International Trade Assistance Center		18,857
<u>HOUSING AND URBAN DEVELOPMENT</u>		
CDBG	11.307	<u>24,500</u>
		<u>\$355,419</u>

*Tested as Major Programs.

Note: This schedule is prepared on the basis of cash expenditures. Therefore, it may differ from amounts presented in the basic financial statements.



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2003

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report issued:	Unqualified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Reportable condition identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over Major Programs:	
Material weakness identified?	No
Reportable condition identified not considered to be material weaknesses?	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 Circular A-133, Section .510(a)?	No

Identification of Major Programs:

The programs tested as a Major Program	CFDA #59.037
Dollar Threshold used to Distinguish between Type A and Type B Programs:	\$234,191
Auditee qualified as Low-Risk Auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable



COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

SCHEDULE OF AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2003

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There were no current year findings.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY
LAKE 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
NOVEMBER 30, 2004**