

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION

CUYAHOGA COUNTY

AUDIT REPORT

For the year ended September 30, 2006

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Cleveland Citywide Development Corporation
601 Lakeside Avenue
Room 210
Cleveland, Ohio 44114

We have reviewed the *Report of Independent Accountants* of the Cleveland Citywide Development Corporation, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period October 1, 2005 through September 30, 2006. 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 Cleveland Citywide Development Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 24, 2007

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CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
CUYAHOGA COUNTY
AUDIT REPORT
For the Year Ended September 30, 2006

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REPORT OF INDEPENDENT ACCOUNTANTS

Cleveland Citywide Development Corporation
Cuyahoga County
614 Lakeside Avenue, Room 210
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the accompanying Statement of Financial Position of the Cleveland Citywide Development Corporation (the CCDC) as of and for the year ended September 30, 2006 and the related Statement of Activities and Changes in Net Assets and the Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the CCDC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the CCDC as of September 30, 2005 were audited by other auditors whose report dated August 10, 2006, expressed an unqualified opinion on those 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, in all material respects, the financial position of the Cleveland Citywide Development Corporation, Cuyahoga County, Ohio, as of September 30, 2006, and the results of its operations and 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 August 24, 2007, on our consideration of the Cleveland Citywide Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Charles E. Harris & Associates, Inc.
August 24, 2007

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(WITH COMPARABLE TOTALS FOR THE YEAR ENDED 2005)

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash	\$ 56,229	\$ 38,077
Prepaid Expenses	1,192	1,192
Short Term Investment (Note 3)	<u>2,707</u>	<u>2,637</u>
Total Current Assets	<u>60,128</u>	<u>41,906</u>
Total Assets	<u>\$ 60,128</u>	<u>\$ 41,906</u>
NET ASSETS		
Net Assets		
Unrestricted Net Assets	<u>\$ 60,128</u>	<u>\$ 41,906</u>
Total Net Assets	<u>\$ 60,128</u>	<u>\$ 41,906</u>

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR YEAR ENDED SEPTEMBER 2006
(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED 2005)**

	<u>2006</u>	<u>2005</u>
Revenues		
In-Kind Contribution	\$199,983	\$ 206,616
Closing Fee Revenues	45,130	8,772
Interest Income	<u>290</u>	<u>362</u>
Total Revenues	245,403	215,750
Expenses		
Salaries & Fringe Benefits	196,551	203,038
Office Rent	3,432	3,578
Employee Boding	693	693
Insurance Expense	1,890	1,890
Professional Services	5,232	3,200
Contribution to City of Cleveland	3,360	2,671
Employee Training Expenses	11,886	13,864
Printing, Marketing and Project Dev.	0	1,540
Bank Service Charge	347	164
Board of Trustee Expenses	3,740	4,878
Office Supplies	0	110
Membership Dues	0	160
State of Ohio Tax Filing Fee	<u>50</u>	<u>50</u>
Total Expenses	<u>227,181</u>	<u>235,836</u>
Change in Net Assets	18,222	(20,086)
Net Assets at Beginning of Fiscal Year	<u>41,906</u>	<u>61,992</u>
Net Assets at End of Fiscal Year	<u><u>\$ 60,128</u></u>	<u><u>\$ 41,906</u></u>

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2005)

	<u>2006</u>	<u>2005</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Closing Fee Revenue	\$ 45,130	\$ 8,772
Interest Income	290	362
Cash Paid for Professional Services	(5,232)	(3,200)
Cash paid for State of Ohio Filing Fee	(50)	(50)
Contributions to the City of Cleveland of Economic Development	(3,360)	(2,671)
Cash Paid for Insurances	(2,583)	(2,583)
Cash Paid for Employee Training	(11,886)	(13,864)
Cash Paid for Bank Services Charges	(347)	(164)
Cash for Printing Marketing and Project Development	0	(1,540)
Cash Paid for Office Supplies	0	(110)
Cash Paid for Membership Dues	0	(160)
Cash Paid for Board of Trustee Expenses	<u>(3,740)</u>	<u>(4,878)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,222	(20,086)
Cash and Cash Equivalents at Beginning of Year	<u>40,714</u>	<u>60,800</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 58,936</u></u>	<u><u>\$ 40,714</u></u>
Reconciliation Changes in Net Assets to Cash Provided by Operating Activities:		
CHANGES IN NET ASSETS	\$ 18,222	\$ (20,086)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
In-Kind Contributions	199,983	206,616
In-Kind Expenses	<u>(199,983)</u>	<u>(206,616)</u>
Total Adjustments	<u>0</u>	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 18,222</u></u>	<u><u>\$ (20,086)</u></u>

Cleveland Citywide Development Corporation

Notes to the Basic Financial Statements

For the Year Ended September 30, 2006

Note 1 - Summary of significant accounting policies

A. Description of the entity

Cleveland Citywide Development (the CCDC), was organized in June 1981 under Chapter 1724 of the Ohio Revised Code regulating Not-for-Profit Community Improvement Corporations. The Corporation promotes economic development in the City of Cleveland (City) by serving as a fiscal intermediary for loans made to small business and by reviewing loan requests made under other loan programs sponsored by the City. In June 1994 the Corporation converted from a Certified Development Corporation (CDC) to an Associate Development Corporation (ADC). Cleveland Citywide Development Corporation is exempt from Federal income tax under section 501(C)(3) of the Internal Revenue Code

Cleveland Citywide Development Corporation reviews Economic Development Administration(EDA), Small Business Revolving Loan Fund(SBRLF), Housing and Urban Development Section 108 (HUD-108), Neighborhood Development Investment Fund (NDIF) and Urban Development Action Grant (UDAG) loans, Empowerment Zone (EZ), Core Loans 1 and Core Loans 2, as well as Industrial Development Bonds(IDB) for the City of Cleveland. Repayment of principal and interest will result in additional proceeds that can be loaned to other eligible small business concerns. With the exception of the HUD-108 and IDB programs, all programs are designed as revolving loan programs.

B. Basis of accounting

The accounting records of Cleveland Citywide Development Corporation are maintained on the accrual basis of accounting.

C. In-Kind

The City of Cleveland paid the salaries and related fringe benefits of the CCDC staff and provides office space at no cost to CCDC.

The estimated fair value of in-kind contribution is reported as revenue and expense in the period in which the services or facilities are used. CCDC also benefited from the contribution of the Trustees and Loan Committee members' time to attend Board meetings. The estimated fair value of these members' contribution is not reflected in these statements since it is not susceptible to objective valuation.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cleveland Citywide Development Corporation

Notes to the Basic Financial Statements

For the Year Ended September 30, 2006

Note 1 - Summary of significant accounting policies (Continued)

C. In-Kind (Continued)

Contributions are recognized when the donor makes a promise to give to the Corporation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CCDC has determined that there are no donor imposed restrictions on any of its net assets and all net assets as of September 30, 2006 was unrestricted net assets.

Note 2 – Investments

CCDC's short term investment consists of a variable interest rate 91-day certificate of deposit. As of September 30, 2006, the interest rate on this certificate of deposit was 2.67%. The 91-day certificate of deposit is shown as a cash and cash equivalent in the Statement of Cash Flows.

Note 3 - Contributions to the City of Cleveland

The CCDC contributed office related expenses of \$3,360 to the City of Cleveland Department of Economic Development during fiscal year 2006. In addition to these contributions, CCDC also provided employee training expenses to the City of Cleveland Department of Economic Development of an additional \$11,886.

Note 4 – Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Cleveland Citywide Development Corporation
Cuyahoga County
614 Lakeside Avenue, Room 210
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the financial statements of the Cleveland Citywide Development Corporation, Cuyahoga County, Ohio (the CCDC), as of and for the year ended September 30, 2006, and have issued our report thereon dated August 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the CCDC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of the expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CCDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CCDC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the CCDC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the CCDC's financial statements that is more than inconsequential will not be prevented or detected by the CCDC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the CCDC's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCDC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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*.

We noted certain matters that we have reported to management of the CCDC in a separate letter dated August 24, 2007.

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

Charles E. Harris and Associates, Inc.
August 24, 2007

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending September 30, 2005, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
CUYAHOGA 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
OCTOBER 4, 2007