

**COMMUNITY IMPROVEMENT CORPORATION OF  
CUYAHOGA FALLS**

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2007**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Community Improvement Corporation of Cuyahoga Falls  
2310 Second Street  
Cuyahoga Falls, Ohio 44221

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Cuyahoga Falls, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Cuyahoga Falls is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 11, 2008

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**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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# JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Community Improvement Corporation of Cuyahoga Falls  
Cuyahoga Falls, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Cuyahoga Falls (a non-profit organization), a component unit of the City of Cuyahoga Falls, Ohio, as of December 31, 2007, 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.

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 Community Improvement Corporation of Cuyahoga Falls, as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated June 23, 2008, on our consideration of the Community Improvement Corporation of Cuyahoga Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountant

June 23, 2008

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2007**

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**Assets**

**Current Assets**

Cash	\$ 854,936
Accrued Interest Receivable	2,720
Loan Receivable - Current	<u>32,716</u>
Total Current Assets	890,372
Loan Receivable, Net of Current	<u>30,744</u>
<b>Total Assets</b>	<b><u>921,116</u></b>

**Net Assets**

Unrestricted	371,980
Temporarily Restricted	<u>549,136</u>
<b>Total Net Assets</b>	<b><u>\$ 921,116</u></b>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b><u>Revenues</u></b>			
Interest	\$ 21,514	\$ 0	\$ 21,514
Rents	3,800	0	3,800
Tax Incentive Financing	<u>0</u>	<u>78,561</u>	<u>78,561</u>
	25,314	78,561	103,875
Revenues Released from Restrictions	<u>171,574</u>	<u>(171,574)</u>	<u>0</u>
<b>Total Revenues</b>	<u>196,888</u>	<u>(93,013)</u>	<u>103,875</u>
<b><u>Expenses</u></b>			
Community Improvement	171,574	0	171,574
Postage	39	0	39
Insurance	1,530	0	1,530
Accounting and Audit	2,106	0	2,106
Miscellaneous	<u>2,144</u>	<u>0</u>	<u>2,144</u>
<b>Total Expenses</b>	<u>177,393</u>	<u>0</u>	<u>177,393</u>
Increase in Net Assets	19,495	(93,013)	(73,518)
Net Assets, Beginning of Year	<u>352,485</u>	<u>642,149</u>	<u>994,634</u>
<b>Net Assets, End of Year</b>	<u>\$ 371,980</u>	<u>\$ 549,136</u>	<u>\$ 921,116</u>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Cash Received from Contributions	\$ 0	\$ 78,561	\$ 78,561
Cash Received from Loans	14,177	0	14,177
Cash Received from Other Sources	20,707	0	20,707
Cash Payments for Operating Expenses	<u>(8,083)</u>	<u>(171,574)</u>	<u>(179,657)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>26,801</u>	<u>(93,013)</u>	<u>(66,212)</u>
Net Increase in Cash	26,801	(93,013)	(66,212)
Cash and Cash Equivalents, Beginning of Period	<u>278,999</u>	<u>642,149</u>	<u>921,148</u>
<b>Cash and Cash Equivalents, End of Period</b>	<u>\$ 305,800</u>	<u>\$ 549,136</u>	<u>\$ 854,936</u>
<b><u>Reconciliation of Operating to Net Cash</u></b>			
<b><u>Used for Operating Activities</u></b>			
Operating Income	\$ 19,495	\$ (93,013)	\$ (73,518)
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Loan Receivable	8,001	0	8,001
Accounts Receivable	2,025	0	2,025
Accrued Interest Receivable	<u>(2,720)</u>	<u>0</u>	<u>(2,720)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 26,801</u>	<u>\$ (93,013)</u>	<u>\$ (66,212)</u>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity**

The Community Improvement Corporation of Cuyahoga Falls (the Corporation) was formed in June 1970 and incorporated as a corporation not-for-profit under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code. The Corporation is discretely presented as a component unit of the City of Cuyahoga Falls.

The status purpose of the Corporation is to advance, encourage, and promote the industrial, commercial, civic, and economic development of the City of Cuyahoga Falls, Ohio, under the applicable sections of the Ohio Revised Code.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Corporation is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The Corporation accounts for period revenue and expense using the accrual method, recognizing revenues when earned and expenses when incurred.

**A. Financial Statement Presentation**

The Corporation prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the 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. In addition, the Corporation is required to present a statement of cash flows. At December 31, 2007, the Corporation did not have any permanently restricted net assets.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**(CONTINUED)**

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**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Income Taxes**

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501c(4) of the Internal Revenue Code. The Corporation is not classified as a private foundation and, as such, is not subject to Federal, State, or local income taxes.

**C. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

**D. Use of Estimates**

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

**NOTE 3: LOANS RECEIVABLE**

During 1999, the Corporation loaned \$150,000 to LeFever's Riverfront Grille. The loan period is ten years in duration and bears interest at 7.5 percent per annum. Monthly installments of \$1,696, including interest, began May 15, 2000. The Corporation suspended loan payments from January 2003 through April 2004, and suspended interest for January 2003 through December 2003. Interest accrued from January 2004 through April 2004. Payments resumed in April 2004, with monthly payments of \$2,025, including interest.

During 2007, ownership of LeFever's Riverfront Grille has changed and the terms of the loan are currently not being upheld. The Corporation has not received payment since May 2007. It is the Corporation's intention to renegotiate the terms of the loan with prospects of collecting the outstanding balance. The balance outstanding at December 31, 2007 is \$63,460.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**(CONTINUED)**

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**NOTE 4: CASH AND CASH EQUIVALENTS**

At December 31, 2007, cash and cash equivalents consist of the following:

	<u>2007</u> <u>Balance</u>
Checking	\$ 543,769
Certificate of Deposit	154,438
Money Market	<u>156,729</u>
Total Cash and Cash Equivalents	<u>\$ 854,936</u>

Bank balances of \$200,000 were covered by the Federal Deposit Insurance Corporation and the remaining \$654,936 was collateralized.

**NOTE 5: NET ASSETS**

**Unrestricted Funds**

These funds have no imposed stipulations and the funds are used for general operating purposes deemed necessary by the Board of Trustees.

**Temporarily Restricted Funds**

Tax Incentive Financing funds (TIF) are restricted for the acquisition of property, clearance, and redevelopment or rehabilitation of the Front and Center Renewal Project Area, and for the future uses of land situation within the project area.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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

Board of Trustees  
Community Improvement Corporation of Cuyahoga Falls  
Cuyahoga Falls, Ohio

We have audited the financial statements of the Community Improvement Corporation of Cuyahoga Falls (the Corporation) (a non-profit organization), a component unit of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Community Improvement Corporation of Cuyahoga Falls' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Community Improvement Corporation of Cuyahoga Falls' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 organization'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 Community Improvement Corporation of Cuyahoga Falls' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Community Improvement Corporation of Cuyahoga Falls in a separate letter dated June 23, 2008.

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

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 23, 2008



**Mary Taylor, CPA**  
Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
SUMMIT 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 21, 2008**