

**COMMUNITY IMPROVEMENT CORPORATION OF
CUYAHOGA FALLS**

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA

Auditor of State

Board Members
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, 2008 through December 31, 2008. 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 29, 2009

This Page is Intentionally Left Blank.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Cash Flows | 4 |
| Notes to the Financial Statements | 5-7 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 8-9 |

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

*Certified Public Accountants
5240 East 98th 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

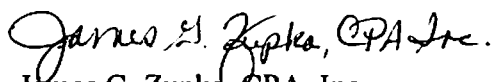
Board of Trustees
Community Improvement Corporation of Cuyahoga Falls
Cuyahoga Falls, Ohio

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, 2008, 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, 2008, 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 8, 2009, 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 should be considered in assessing the results of our audit.



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

June 8, 2009

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

Assets

Current Assets

| | |
|----------------------------------|---------------------------------|
| Cash | \$ 821,672 |
| Accounts Receivable | 1,304 |
| Loan Receivable - Current | 9,527 |
| Total Current Assets | <u>832,503</u> |
| Loan Receivable - Net of Current | 56,741 |
| Total Assets | <u><u>\$ 889,244</u></u> |

Liabilities

| | |
|--------------------------|---------------------|
| Deferred Revenue | \$ 3,000 |
| Total Liabilities | <u>3,000</u> |

Net Assets

| | |
|-------------------------|---------------------------------|
| Unrestricted | 250,435 |
| Temporarily Restricted | 635,809 |
| Total Net Assets | <u><u>\$ 886,244</u></u> |

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, 2008**

| | Unrestricted | Temporarily Restricted | Total |
|-------------------------------------|--------------------------|---------------------------|--------------------------|
| <u>Revenues</u> | | | |
| Interest | \$ 23,175 | \$ - | \$ 23,175 |
| Rents | 8,000 | - | 8,000 |
| Tax Incentive Financing Revenue | - | 86,673 | 86,673 |
| Miscellaneous Revenue | 500 | - | 500 |
| | <u>31,675</u> | <u>86,673</u> | <u>118,348</u> |
| Revenues Released from Restrictions | - | - | - |
| Total Revenue | <u><u>31,675</u></u> | <u><u>86,673</u></u> | <u><u>118,348</u></u> |
| <u>Expenses</u> | | | |
| Community Improvement | - | - | - |
| Postage | 41 | - | 41 |
| Insurance | 1,530 | - | 1,530 |
| Professional Services | 146,211 | - | 146,211 |
| Accounting and Audit | 4,295 | - | 4,295 |
| Miscellaneous | 1,143 | - | 1,143 |
| Total Expenses | <u>153,220</u> | <u>-</u> | <u>153,220</u> |
| Increase in Net Assets | (121,545) | 86,673 | (34,872) |
| Net Assets, Beginning of Year | 371,980 | 549,136 | 921,116 |
| Net Assets, End of Year | <u><u>\$ 250,435</u></u> | <u><u>\$ 635,809</u></u> | <u><u>\$ 886,244</u></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, 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|----------------------------|-----------------------------------|---------------------------|
| <u>Cash Flows from Operating Activities</u> | | | |
| Cash Received from Contributions | \$ - | \$ 86,673 | \$ 86,673 |
| Cash Received from Loans | 9,000 | - | 9,000 |
| Cash Received from Other Sources | 24,283 | - | 24,283 |
| Cash Payments for Operating Expenses | <u>(153,220)</u> | <u>-</u> | <u>(153,220)</u> |
| Net Cash Provided By Operating Activities | <u>(119,937)</u> | <u>86,673</u> | <u>(33,264)</u> |
| Net Increase in Cash | (119,937) | 86,673 | (33,264) |
| | | | |
| Cash and Cash Equivalents, Beginning of Period | <u>305,800</u> | <u>549,136</u> | <u>854,936</u> |
| Cash and Cash Equivalents, End of Period | <u><u>\$ 185,863</u></u> | <u><u>\$ 635,809</u></u> | <u><u>\$ 821,672</u></u> |
| | | | |
| <u>Reconciliation of Operating to Net Cash</u> | | | |
| <u>Used for Operating Activities</u> | | | |
| Operating Income | \$ (121,545) | \$ 86,673 | \$ (34,872) |
| Change in Assets and Liabilities: | | | |
| (Increase) Decrease in: | | | |
| Loan Receivable | (2,808) | - | (2,808) |
| Accounts Receivable | (1,304) | - | (1,304) |
| Accrued Interest Receivable | 2,720 | - | 2,720 |
| Increase (Decrease) in: | | | |
| Accounts Payable | | | |
| Deferred Revenue | 3,000 | - | 3,000 |
| Net Cash Provided By Operating Activities | <u><u>\$ (119,937)</u></u> | <u><u>\$ 86,673</u></u> | <u><u>\$ (33,264)</u></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, 2008

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, 2008, the Corporation did not have any permanently restricted net assets.

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.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (CONTINUED)**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In 2008, the Corporation renegotiated the existing loan with LeFever's Riverfront Grille. The new loan is in the amount of \$70,889 with an annual interest rate of 4.00 percent. Monthly installments of \$1,000, including interest began July 15, 2008 and will cease on April 15, 2015. The outstanding balance of the loan as of the end of the fiscal year was \$66,268.

NOTE 4: CASH AND CASH EQUIVALENTS

At December 31, 2008, cash and cash equivalents consist of the following:

| | <u>2008 Balance</u> |
|---------------------------------|-------------------------|
| Checking | \$ 499,384 |
| Certificate of Deposit | 161,356 |
| Money Market | <u>160,932</u> |
| Total Cash and Cash Equivalents | <u>\$ 821,672</u> |

Bank balances of \$500,000 were covered by the Federal Deposit Insurance Corporation and the remaining \$321,672 was collateralized.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**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, 2008, and have issued our report thereon dated June 8, 2009. 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 Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation'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 Corporation'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 8, 2009.

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 8, 2009



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 11, 2009**