

Community Improvement Corporation of Geneva

Statement of Cash Flows

For the year ended December 31, 2008

Cash flows from operating activities:	\$	(5,445)
Change in net assets		
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation		2,733
Increase in operating assets:		
Increase in accounts receivable		(1,661)
Increase in accounts payable		1,195
Increase in due to other governments		1,944
Increase in funds held for fiscal agent		<u>(385)</u>
Net change in cash		(1,619)
Cash and cash equivalents at beginning of year		<u>103,224</u>
Cash and cash equivalents at end of year	\$	<u><u>101,605</u></u>

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

Community Improvement Corporation of Geneva

Notes to Financial Statements

For the year ended December 31, 2008

Note 1: Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of CIC.

Nature of Activities

The Community Improvement Corporation of Geneva ("CIC") was incorporated in July 1997 by the City of Geneva ("the City") under Sections 1724.01 et seq. of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under State statute. The CIC is a legally separate, non-profit organization, served by a fifteen-member board composed of City officials and community representatives.

The CIC was created to advance, encourage and promote the industrial, economic, commercial, and civic development of Geneva and the territory surrounding Geneva in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

Basis of Accounting

The financial statements of the CIC have been prepared on the accrual basis of accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations. The Financial Accounting standards Board (FASB) is the accepted Standard-setting body for establishing governmental accounting and financial reporting principles for not-for-profit organizations.

Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City.

Basis of Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the CIC 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. The CIC does not have any temporarily restricted or permanently restricted net

Contributions

Contributions received are recorded as unrestricted support unless there are any donor imposed restrictions. As of December 31, 2008, the CIC had no restricted contributions.

Community Improvement Corporation of Geneva

Notes to Financial Statements

For the year ended December 31, 2008

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the CIC considers all unrestricted highly liquid investments with an initial maturity of three month or less to be cash equivalents.

Capital Assets

All capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation. Property valued at \$206,200 at December 31, 2008 was donated by the city of Geneva and outside donors.

The CIC depreciates the capital asset other than land using the straight line method based on the estimated useful life of the asset at 10 years.

Income Taxes

The CIC has qualified for a tax exemption under Section 501c(3) of the Internal Revenue Code and accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Note 2: Concentrations

At December 31, 2008, the carrying amount of CIC's deposits was \$101,665 and the bank balance was \$101,665, which was covered by Federal Depository Insurance.

Note 3: Related Parties

Five of the fifteen trustees serving the CIC are elected or appointed officials of the City of Geneva as mandated by the Ohio Revised Code with only the City Manager Being specified.

Community Improvement Corporation of Geneva

Notes to Financial Statements

For the year ended December 31, 2008

Note 4: Capital Assets

The CIC's property and equipment consist of the following at December 31, 2008:

Land	\$206,200
Equipment	27,330
Less: accumulated depreciation	<u>(9,672)</u>
Total	<u><u>\$223,858</u></u>

**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 of
Community Improvement Corporation of Geneva

We have audited the financial statements of the Community Improvement Corporation of Geneva (the "CIC") as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 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 CIC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CIC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CIC's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 CIC'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 CIC's financial statements that is more than inconsequential will not be prevented or detected by the CIC's internal control. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-1.

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 CIC's internal control.

Board of Trustees
Community Improvement Corporation of Geneva

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we consider finding number 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CIC's 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2008-2.

We noted certain matters that we reported to management of the CIC, in a separate letter dated June 30, 2009.

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 30, 2009

Community Improvement Corporation of Geneva

Schedule Of Findings

December 31, 2008

1. Summary of Auditors' Results

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiencies reported at the financial statement level (GAGAS)?	Yes
Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
Was there any material noncompliance reported at the financial statement level (GAGAS)?	Yes

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS

Findings	Findings Summary
2008-1	<p><i>Financial Reporting – Significant Deficiency / Material Weakness</i></p> <p>Sound financial reporting is the responsibility of the President, Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.</p> <p>The following audit adjustments were made to the financial statements, and where applicable, to the CIC's accounting records:</p> <ol style="list-style-type: none"> 1. Adjusted cash by \$1,412 for amounts that were not originally recorded. 2. Adjusted accounts receivable by \$1,138 for amounts that were not originally recorded. 3. Adjusted accounts payable by \$1,400 for amounts that were not originally. 4. Adjusted due to other governments by \$5,702 for amounts that were originally not recorded. <p>The lack of controls over the posting of year-end financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.</p> <p>We recommend the CIC adopts policies and procedures for controls over recording of year-end financial transactions and over financial report to help ensure the information accurately reflects the activity of the CIC and thereby increasing the reliability of the financial data at year-end. Although the CIC has contracted a third party to perform their GAAP Conversion, the CIC's management needs to review the statements to be sure that all items are being properly recorded.</p>

Community Improvement Corporation of Geneva

Schedule Of Findings (continued)

December 31, 2008

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS

2008-2	<p><i>Financial Report – Material Noncompliance</i></p> <p>Sound financial reporting is the responsibility of the President, Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.</p> <p>It was also noted that no footnotes were originally prepared to accompany the financial statements which by ORC guidelines are incomplete statements as well as being misstated per the above finding. The statements were not submitted within the 120 day filing period after year-end.</p> <p>We recommend the CIC adopts policies and procedures for controls over recording of year-end financial transactions and over financial report to help ensure the information accurately reflects the activity of the CIC and thereby increasing the reliability of the financial data at year-end. Although the CIC has contracted a third party to perform their GAAP Conversion, the CIC's management needs to review the statements to be sure that all items are being properly recorded and timely reports are filed with the AOS.</p>
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Mary Taylor, CPA
Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
ASHTABULA 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 25, 2009**