

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION

CUYAHOGA COUNTY OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014



Dave Yost • Auditor of State

Board of Trustees
Cleveland Citywide Development Corporation
614 Lakeside Avenue
Cleveland, Ohio 44114

We have reviewed the *Independent Auditor's Report* of the Cleveland Citywide Development Corporation, Cuyahoga County, prepared by Watson, Rice & Co., for the audit period January 1, 2014 through December 31, 2014. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 2, 2015

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CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
CUYAHOGA COUNTY
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014

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Certified Public Accountants
A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Cleveland Citywide Development
Corporation
614 Lakeside Avenue
Cleveland, Ohio 44114

We have audited the accompanying statements of Cleveland Citywide Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Trustees of
Cleveland Citywide Development
Corporation
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our audit report dated March 6, 2015, on our consideration of Cleveland Citywide Development Corporation's 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cleveland Citywide Development Corporation's internal control reporting and compliance.

Watson, Rice & Co.

Cleveland, Ohio
March 6, 2015

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS:</u>		
<u>Current Assets</u>		
Cash	\$149,581	\$342,480
Prepaid Expense	594	568
Short Term Investments (Note 2)	<u>958</u>	<u>957</u>
Total Current Assets	<u>151,133</u>	<u>344,005</u>
TOTAL ASSETS	<u>\$151,133</u>	<u>\$344,005</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts Payable	1,943	15,019
Refundable Grant Advance (Note 5)	<u>12,969</u>	<u>48,237</u>
Total Current Liabilities	<u>14,912</u>	<u>63,256</u>
TOTAL LIABILITIES	14,912	63,256
TOTAL NET ASSETS	<u>136,221</u>	<u>280,749</u>
 TOTAL LIABILITIES AND NET ASSETS:	 <u>\$151,133</u>	 <u>\$344,005</u>

The accompanying footnotes are an integral part of the financial statements.

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013)

	<u>2014</u>	<u>2013</u>
<u>REVENUES:</u>		
In-Kind Contributions (Note 1-C)	\$231,297	\$226,092
Closing Fee and Processing Fee Revenues	50,909	140,923
Sponsorship Revenues	6,000	0
Grant Revenues	35,268	109,269
Interest Income	24	37
	<hr/>	<hr/>
Total Revenues	\$323,498	\$476,321
	<hr/>	<hr/>
<u>EXPENSES:</u>		
Salaries & Fringe Benefits (In-kind)	\$228,022	\$222,487
Office Rent (In-kind)	3,275	3,605
Grant Expenses	35,268	109,269
Employee Bonding	692	692
Insurance Expense	2,156	2,001
Professional Services	21,388	99,519
Contributions to City of Cleveland Office Expenses (Note 2)	125,788	106,527
Contributions to City of Cleveland--Employee Training Expenses (Note 2)	35,783	42,604
Board of Trustee Expenses	7,547	1,459
Audit and Tax Filing Fees	8,107	8,399
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Total Expenses	\$468,026	\$596,562
	<hr/>	<hr/>
Change in Net Assets	(144,528)	(120,241)
Unrestricted Net Assets at Beginning of Fiscal Year (Note 2)	280,749	400,990
	<hr/>	<hr/>
NET ASSETS AT END OF FISCAL YEAR	\$136,221	\$280,749
	<hr/>	<hr/>

The accompanying footnotes are an integral part of the financial statements.

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013)

	2014	2013
<u>Cash Flows From Operating Activities:</u>		
Closing Fee Revenue	\$50,909	\$152,623
Sponsorship Revenues	6,000	0
Grant Cash Receipts	0	100,000
Interest Income	23	37
Cash Paid from Grants Awards	(35,265)	(109,269)
Cash Paid for Accounts Payable	(15,018)	0
Cash Paid for Professional Services	(21,385)	(96,200)
Cash Paid for Audit and Tax Filing Fees & Penalty	(8,107)	(8,399)
Contributions to City of Cleveland - Department of Economic Development	(123,845)	(106,527)
Cash Paid for Insurance Expenses	(2,875)	(2,715)
Cash Paid for Employee Training	(35,783)	(42,604)
Cash Paid for Board of Trustee Expenses	(7,547)	(1,459)
NET CASH PROVIDED BY (USED) OPERATING ACTIVITIES	(192,898)	(114,513)
Cash and Cash Equivalents at Beginning of Year	343,437	457,950
Cash and Cash Equivalents at End of Year	\$150,539	\$343,437
Reconciliation of Excess in Net Assets to:		
Cash Provided by Operating Activities:		
CHANGES IN NET ASSETS	(\$144,528)	(\$120,241)
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
In-Kind Contributions	231,297	226,092
In-Kind Expenses	231,297	(226,092)
Increase(Decrease) in Accounts Payable	(13,076)	15,019
Increase(Decrease) in Refundable Advance	(35,267)	(9,269)
(Increase) Decrease in Prepaid Expenses	(27)	(22)
Total Adjustments	(48,370)	5,728
NET CASH PROVIDED BY OPERATING ACTIVITIES	(192,898)	(114,513)

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

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION

Cuyahoga County

Notes to Basic Financial Statements
For the Year Ended December 31, 2014

Note 1 Summary of Significant Accounting Policies

A) Description of the Entity

Cleveland Citywide Development Corporation (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 businesses 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 contributions from the City of Cleveland to CCDC 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.

D) Contributions

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
 Cuyahoga County
 Notes to Basic Financial Statements
 For the Year Ended December 31, 2014

Note 1 Summary of Significant Accounting Policies (Continued)

Contributions (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 December 31, 2014 were unrestricted net assets.

Note 2 Investments

CCDC's short-term investment consists of a variable interest rate 91-day certificate of deposit. As of December 31, 2014, the interest rate on this certificate of deposit was .01%. 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 \$125,788 to the City of Cleveland Department of Economic Development (CCDED) during fiscal year 2014. In addition to these contributions, CCDC also provided employee training expenses to CCDED for an additional \$35,783.

Note 4 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Note 5 Refundable Advances

The Corporation received cash receipts from a grant award during calendar year 2014. The excess of grant cash receipts over grant expenses is recognized as a refundable advances liability to the Corporation as of December 31, 2014. Refundable advance details as of December 31, 2014 are as follows:

<u>Grant Award Description</u>	<u>Refundable Advance Amount</u>
Living Cities Grant Initiative – Cleveland Foundation	\$12,969
Total Refundable Advance	<u>\$12,969</u>

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
Cuyahoga County
Notes to Basic Financial Statements
For the Year Ended December 31, 2014

Note 6 Subsequent Events

Subsequent events were evaluated through March 6, 2015 which is the date financial statements were available to be issued. Management believes there are not subsequent events that would require either footnote and/or financial statement disclosure in this audit report.



*Certified Public Accountants
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Cleveland Citywide Development Corporation
614 Lakeside Avenue
Cleveland, Ohio 44114

We have audited, in accordance with the 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 of the United States, the financial statements of the Cleveland Citywide Development Corporation (CCDC-a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CCDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCDC's internal control. Accordingly, we do not express an opinion on the effectiveness of CCDC's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this report and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these material limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that we have not identified.

To the Board of Trustees
Cleveland Citywide Development Corporation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCDC's financial statements are free from 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 disclosed under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Natson Price & Co.

Cleveland, Ohio
March 6, 2015



Dave Yost • 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
JUNE 16, 2015**