



OHIO AUDITOR OF STATE
KEITH FABER



**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Cuyahoga Heights Community Improvement Corporation
Cuyahoga County
4863 East 71st Street
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of December 31, 2020, 2019 and 2018, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements for the years ended December 31, 2020 and 2019, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 the Corporation's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 15, 2022

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2020 and 2019

This discussion and analysis, along with the accompanying financial statements, of the Cuyahoga Heights Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

FINANCIAL HIGHLIGHTS

The Corporation's net position was \$846,129 and \$731,772 on December 31, 2020 and 2019, respectively.

The Corporation's revenues increased \$570,850 from 2019 to 2020 and decreased \$630,437 from 2018 to 2019. The Corporation's expenses increased \$512,458 from 2019 to 2020 and decreased \$676,418 from 2018 to 2019.

In 2020 the Corporation purchased property located on East 71st Street.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Corporation is a single enterprise fund using proprietary fund accounting, similar to a private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the Corporation's assets and liabilities. This statement provides information about the nature and amounts of investments in resources owned by the Corporation (assets) and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and liabilities.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, financing and investing activities.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2020 and 2019

NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current assets	\$ 650,714	\$ 223,252	\$ 236,847
Capital assets, net	<u>920,878</u>	<u>627,283</u>	<u>627,283</u>
Total assets	<u>1,571,592</u>	<u>850,535</u>	<u>864,130</u>
Liabilities:			
Current liabilities	<u>725,463</u>	<u>118,763</u>	<u>188,323</u>
Net position:			
Net investment in capital assets	820,878	627,283	627,283
Unrestricted	<u>25,251</u>	<u>104,489</u>	<u>48,524</u>
Total net position	<u>\$ 846,129</u>	<u>\$ 731,772</u>	<u>\$ 675,807</u>

Assets and liabilities remained relatively consistent from 2018 to 2019. Total assets increased in 2020 due to an increase in cash and capital assets. Cash increased due to an increase in tipping receipts. The Corporation purchased property located on East 71st Street, which led to the increase in capital assets. Liabilities increased in 2020 due to an increase in accounts payable associated with tipping fees to the Village of Cuyahoga Heights.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2020 and 2019

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

TABLE 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues:			
Donations	\$ 381,115	\$ 130,454	\$ 855,450
Rent	16,200	6,750	-
Miscellaneous	835	-	-
Total operating revenues	<u>398,150</u>	<u>137,204</u>	<u>855,450</u>
Operating expenses:			
Grant expense	104,629	55,012	835,306
Professional fees	7,683	11,653	5,957
Property taxes	12,586	2,611	3,524
Other	149,334	13,157	1,564
Depreciation	<u>9,613</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>283,845</u>	<u>82,433</u>	<u>846,351</u>
Operating income	<u>114,305</u>	<u>54,771</u>	<u>9,099</u>
Non-operating revenues (expenses):			
Tipping revenues	398,546	87,500	-
Tipping expenses	(398,546)	(87,500)	-
Investment income	<u>52</u>	<u>1,194</u>	<u>885</u>
Total non-operating revenues:	<u>52</u>	<u>1,194</u>	<u>885</u>
Changes in net position	114,357	55,965	9,984
Net position at beginning of year	<u>731,772</u>	<u>675,807</u>	<u>665,823</u>
Net position at end of year	\$ <u>846,129</u>	\$ <u>731,772</u>	\$ <u>675,807</u>

Revenues increased by \$570,850 and expenses increased by \$512,458 from 2019 to 2020 due to an increase in tipping fees and tipping expenses in 2020.

Revenues decreased by \$630,437 and expenses decreased by \$676,418 from 2018 to 2019. The main reason for the fluctuations was due to the fact that in 2018 Boyas donated \$650,000 to the Corporation, which was then granted to the Village of Cuyahoga Heights to complete land improvements per the Boyas agreement.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2020 and 2019

CAPITAL ASSETS

The Corporation has capital assets of \$920,878 and \$627,283 at December 31, 2020 and 2019, respectively. Additional information can be found in Note 5.

DEBT ADMINISTRATION

At December 31, 2020 and 2019, the Corporation had \$100,000 and \$0, respectively, in outstanding debt related to TNT Properties III LLC. Additional information can be found in Note 7.

CURRENT RELATED FINANCIAL ACTIVITIES

At December 31, 2020 and 2019 the Corporation had total assets of \$1,571,592 and \$850,535 and total net position of \$846,129 and \$731,772, respectively. This resulted in an increase in net position of \$114,357 for 2020 and an increase of \$55,965 for 2019. Management continues to monitor all activity affecting the condition of the Corporation. As needed, the Corporation will receive donations from the Village of Cuyahoga Heights.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Angel Meriwether, Chief Fiscal Officer, Village of Cuyahoga Heights, 4863 East 71st Street, Cuyahoga Heights, Ohio 44125.

Cuyahoga Heights Community Improvement Corporation

Statements of Net Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current:		
Cash and cash equivalents	\$ 558,961	\$ 32,966
Accounts receivable	65,108	125,562
Prepaid insurance	26,645	39,724
Other assets – deposit	-	25,000
Total current	<u>650,714</u>	<u>223,252</u>
Non-current		
Non-depreciable capital assets	834,359	627,283
Depreciable capital assets, net	86,519	-
Total non-current assets	<u>920,878</u>	<u>627,283</u>
<i>Total assets</i>	<u>1,571,592</u>	<u>850,535</u>
Liabilities		
Current:		
Accounts payable	600,463	93,763
Grants payable	25,000	25,000
Note payable	100,000	-
Total current	<u>725,463</u>	<u>118,763</u>
Net Position		
Net investment in capital assets	820,878	627,283
Unrestricted	<u>25,251</u>	<u>104,489</u>
<i>Total net position</i>	<u>\$ 846,129</u>	<u>\$ 731,772</u>

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Donations	\$ 381,115	\$ 130,454
Rent	16,200	6,750
Miscellaneous	835	-
Total operating revenues	<u>398,150</u>	<u>137,204</u>
Operating expenses:		
Grant expense	104,629	55,012
Professional fees	7,683	11,653
Property taxes	12,586	2,611
Other	149,334	13,157
Depreciation	9,613	-
Total operating expenses	<u>283,845</u>	<u>82,433</u>
Operating income	114,305	54,771
Non-operating revenues (expenses):		
Tipping revenues	398,546	87,500
Tipping expenses	(398,546)	(87,500)
Investment income	52	1,194
Total non-operating revenues:	<u>52</u>	<u>1,194</u>
Change in net position	114,357	55,965
Net position at beginning of year	<u>731,772</u>	<u>675,807</u>
Net position at end of year	<u>\$ 846,129</u>	<u>\$ 731,772</u>

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts for donations	\$ 352,719	\$ 299,192
Cash receipts for rent	17,550	5,400
Cash receipts for tipping fees	486,046	-
Cash receipts for miscellaneous	835	-
Cash payments for grants	(104,629)	(210,318)
Cash payments for property taxes	(2,600)	(7,637)
Cash payments for goods and services	(45,770)	(85,579)
Net cash provided by operating activities	<u>704,151</u>	<u>1,058</u>
Cash flows from investing activities:		
Interest and dividends received	<u>52</u>	<u>1,194</u>
Net cash provided by investing activities	<u>52</u>	<u>1,194</u>
Cash flows from capital and related financing activities:		
Acquisition of assets	(78,208)	-
Principal paid on debt	<u>(100,000)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(178,208)</u>	<u>-</u>
Net change in cash and cash equivalents	525,995	2,252
Cash and cash equivalents at beginning of year	<u>32,966</u>	<u>30,714</u>
Cash and cash equivalents at end of year	<u>\$ 558,961</u>	<u>\$ 32,966</u>

(continued)

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Statements of Cash Flows (continued)

For the Years Ended December 31, 2020 and 2019

*Reconciliation of operating income to net cash
from operating activities:*

Operating income	\$	114,305	\$	54,771
Adjustments:				
Depreciation		9,613		-
Changes in operating assets and liabilities:				
Decrease (increase) in prepaid insurance		13,079		(39,041)
Decrease in accounts receivable		60,454		79,888
Increase in other assets – deposit		-		(25,000)
Decrease in grants payable		-		(155,306)
Increase in accounts payable		506,700		85,746
Net cash provided by operating activities	\$	<u>704,151</u>	\$	<u>1,058</u>
Non cash capital and related financing activities:				
Deposit on property reclassified to property	\$	25,000	\$	-
Property financed with note payable		200,000		-

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1: REPORTING ENTITY

The Cuyahoga Heights Community Improvement Corporation (the “Corporation”) is a non-profit organization incorporated in the State of Ohio on June 15, 1982, for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cuyahoga Heights (the “Village”) and the territory surrounding the Village. Operations commenced March 9, 2005.

The Corporation acts as the agency and instrumentality of the Village for the industrial, commercial, distribution, and research development in the Village in accordance with Section 1724.01 of the Ohio Revised Code.

The Corporation is affiliated with a governmental unit because the purpose of the Corporation is to facilitate the Village’s mission in improving the quality of life and economic environment for the citizens of the Village. The primary funding for the Corporation is supplied by the Village, and in the event the Corporation ceases to operate, all remaining funds and assets are transferred to the Village. Additionally, no less than two-fifths of the governing board of the Corporation shall be comprised of appointed or elected officers of the Village or other political subdivision designating the Corporation as its agency pursuant to Section 1724.01 of the Ohio Revised Code.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Corporation uses enterprise fund accounting to prepare the financial statements. Enterprise fund accounting focuses on the determination of operating income, changes in net position, financial position and cash flows.

Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included in the statement of net position. The operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position and distinguishes between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Corporation’s purpose. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2020 and 2019

Note 2: 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 Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Concentrations

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist primarily of periodic temporary investments of excess cash. The Corporation places its temporary excess cash in high-quality financial institutions.

Income Taxes

The Corporation 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.

Property and Equipment

All purchased property and equipment are stated at cost. Donated property is capitalized at its acquisition value at the date of donation. The Corporation depreciates the capital assets other than land using the straight-line method based on the estimated useful lives of the assets.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2020 and 2019

Note 3: CASH AND CASH EQUIVALENTS

At December 31, 2020 and 2019, the Corporation maintained its cash balance in checking and money market accounts which had a bank balance of \$583,960 and \$32,966, and a carrying value of cash and cash equivalents of \$558,961 and \$32,966, respectively. Of the bank balance \$250,000 and \$32,966 was covered by the Federal Depository Insurance Corporation and \$333,960 and \$0 was uninsured as of December 31, 2020 and 2019. At times, the Corporation may have deposits in financial institutions in excess of the federally insured limits, \$250,000.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of December 31, 2020 and 2019.

- The money market account is valued at amortized cost, which approximates fair value, and is considered a Level 1 investment.

Custodial Credit Risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned. The Corporation has a policy regarding custodial credit risk. In addition, State law does not require security for public deposits and investment to be maintained in the Corporation's name.

Note 4: ACCOUNTS PAYABLE

At December 31, 2020 and 2019, the accounts payable of the Corporation consisted of property taxes, grants, professional services, tipping fees, return of advance from the Village of Cuyahoga Heights and utility costs related to 2020 and 2019, respectively.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2020 and 2019

Note 5: CAPITAL ASSETS

A summary of changes in capital assets during 2020 follows:

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
Capital assets not being depreciated:				
Land	\$ <u>627,283</u>	\$ <u>207,076</u>	\$ <u>-</u>	\$ <u>834,359</u>
Capital assets being depreciated:				
Buildings	<u>-</u>	<u>96,132</u>	<u>-</u>	<u>96,132</u>
Total capital assets being depreciated	<u>-</u>	<u>96,132</u>	<u>-</u>	<u>96,132</u>
Less accumulated depreciation:				
Buildings	<u>-</u>	<u>(9,613)</u>	<u>-</u>	<u>(9,613)</u>
Total accumulated depreciation	<u>-</u>	<u>(9,613)</u>	<u>-</u>	<u>(9,613)</u>
Total assets being depreciated, net	<u>-</u>	<u>86,519</u>	<u>-</u>	<u>86,519</u>
Capital assets, net	\$ <u>627,283</u>	\$ <u>293,595</u>	\$ <u>-</u>	\$ <u>920,878</u>

A summary of changes in capital assets during 2019 follows:

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/19</u>
Capital assets not being depreciated:				
Land	\$ <u>627,283</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>627,283</u>

Note 6: RELATED-PARTY TRANSACTIONS

The Village transferred \$352,719 to the Corporation during 2020, to help cover the costs of operating expenses. Included in accounts receivable is \$65,108 due from the Village as of December 31, 2020. This same amount is included in donations revenue for the year ended December 31, 2020. Included in accounts payable is \$586,046 due to the Village as of December 31, 2020. Of this amount, \$486,046 is included in tipping expenses with the remainder included in other expenses for the year ended December 31, 2020

The Village transferred \$299,192 to the Corporation during 2019, to help cover the costs of operating expenses. Included in accounts receivable is \$36,712 due from the Village as of December 31, 2019. This same amount is included in donations revenue for the year ended December 31, 2019. Included in accounts payable is \$87,500 due to the Village as of December 31, 2019. This same amount is included in tipping expenses for the year ended December 31, 2019.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2020 and 2019

Note 7: NOTE PAYABLE

Note payable is comprised of the following as of December 31, 2020:

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Note from TNT Properties III LLC, due December 2021, 0% interest	\$ <u> -</u>	\$ <u> 200,000</u>	\$ <u> (100,000)</u>	\$ <u> 100,000</u>	\$ <u> 100,000</u>

In January 2020, the TNT Properties III LLC loaned the Corporation \$200,000 to fund costs associated with the purchase of property. The note has a two year term and requires quarterly payments of principal. There is no prepayment penalty for early principal payments. This loan is secured by a the property purchased located at 440 East 71st Street.

Note 8: CONTINGENCIES

Grants

The Corporation offers a variety of grants in the course of developing, advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village. These grant agreements are contingent upon the grantee meeting certain criteria as set forth in the grant agreement. The Corporation records the related expense at the time they are incurred, \$104,629 and \$55,012 during 2020 and 2019, respectively.

Note 9: COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Corporation. The Corporation's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2019 and 2018

This discussion and analysis, along with the accompanying financial statements, of the Cuyahoga Heights Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

FINANCIAL HIGHLIGHTS

The Corporation's net position was \$731,772 and \$675,807 on December 31, 2019 and 2018, respectively.

The Corporation's revenues decreased \$630,437 from 2018 to 2019 and increased \$760,063 from 2017 to 2018. The Corporation's expenses decreased \$676,418 from 2018 to 2019 and increased \$791,488 from 2017 to 2018.

In 2018, the Corporation entered into a long-term land donation agreement with Boyas Contributions, LLC ("Boyas"). The agreement affords the Corporation the right to make improvements to land currently owned by Boyas Contributions over a period of time. At the end of the term of the agreement, the Corporation will have the option to take ownership of said land, provided that all regulatory agencies confirm that all environmental, health, safety, and welfare concerns currently present on the land have been completely resolved. In order to facilitate the improvements to the properties to accomplish this goal, Boyas donated \$650,000 to the Corporation. The Corporation then transferred these funds to the Village of Cuyahoga Heights to facilitate the completion of a public improvements project that is being performed by the Village.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Corporation is a single enterprise fund using proprietary fund accounting, similar to a private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the Corporation's assets and liabilities. This statement provides information about the nature and amounts of investments in resources owned by the Corporation (assets) and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and liabilities.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, financing and investing activities.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2019 and 2018

NET POSITION

Table 1 summarizes the net position of the Corporation.

TABLE 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current assets	\$ 223,252	\$ 236,847	\$ 72,763
Capital assets, net	<u>627,283</u>	<u>627,283</u>	<u>627,283</u>
Total assets	<u>850,535</u>	<u>864,130</u>	<u>700,046</u>
Liabilities:			
Current liabilities	<u>118,763</u>	<u>188,323</u>	<u>34,223</u>
Net position:			
Net investment in capital assets	627,283	627,283	627,283
Unrestricted	<u>104,489</u>	<u>48,524</u>	<u>38,540</u>
Total net position	\$ <u>731,772</u>	\$ <u>675,807</u>	\$ <u>665,823</u>

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2019 and 2018

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

TABLE 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues:			
Donations	\$ 130,454	\$ 855,450	\$ 95,767
Rent	<u>6,750</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>137,204</u>	<u>855,450</u>	<u>95,767</u>
Operating expenses:			
Grant expense	55,012	835,306	41,991
Professional fees	11,653	5,957	7,468
Property taxes	2,611	3,524	4,102
Other	<u>13,157</u>	<u>1,564</u>	<u>1,302</u>
Total operating expenses	<u>82,433</u>	<u>846,351</u>	<u>54,863</u>
Operating income	<u>54,771</u>	<u>9,099</u>	<u>40,904</u>
Non-operating revenues (expenses):			
Tipping revenues	87,500	-	-
Tipping expenses	(87,500)	-	-
Investment income	<u>1,194</u>	<u>885</u>	<u>505</u>
Total non-operating revenues:	<u>1,194</u>	<u>885</u>	<u>505</u>
Changes in net position	55,965	9,984	41,409
Net position at beginning of year	<u>675,807</u>	<u>665,823</u>	<u>624,414</u>
Net position at end of year	\$ <u>731,772</u>	\$ <u>675,807</u>	\$ <u>665,823</u>

Revenues decreased by \$630,437 from 2018 to 2019 and increased by \$760,063 from 2017 to 2018. The main reason for the revenue fluctuations year to year was due to the fact that in 2018 Boyas donated \$650,000 to the Corporation. Expenses decreased by \$676,418 from 2018 to 2019 and increased by \$791,488 from 2017 to 2018. The main reason for the expense fluctuations year to year was due to the fact that in 2018 the Corporation granted \$650,000 to the Village of Cuyahoga Heights to complete land improvements per the Boyas agreement.

Cuyahoga Heights Community Improvement Corporation

Management's Discussion and Analysis

For the Years Ended December 31, 2019 and 2018

CAPITAL ASSETS

At December 31 2019 and 2018, the Corporation has land of \$627,283.

CURRENT RELATED FINANCIAL ACTIVITIES

At December 31, 2019 and 2018 the Corporation had total assets of \$850,535 and \$864,130 and total net position of \$731,772 and \$675,807, respectively. This resulted in an increase in net position of \$55,965 for 2019 and an increase of \$9,984 for 2018. Management continues to monitor all activity affecting the condition of the Corporation. As needed, the Corporation will receive donations from the Village of Cuyahoga Heights.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Angel Meriwether, Chief Fiscal Officer, Village of Cuyahoga Heights, 4863 East 71st Street, Cuyahoga Heights, Ohio 44125.

Cuyahoga Heights Community Improvement Corporation

Statements of Net Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current:		
Cash and cash equivalents	\$ 32,966	\$ 30,714
Accounts receivable	125,562	205,450
Prepaid insurance	39,724	683
Other assets – deposit	<u>25,000</u>	<u>-</u>
Total current	223,252	236,847
Long-term:		
Non-depreciable capital assets	<u>627,283</u>	<u>627,283</u>
<i>Total assets</i>	<u>850,535</u>	<u>864,130</u>
Liabilities		
Current:		
Accounts payable	93,763	8,017
Grants payable	<u>25,000</u>	<u>180,306</u>
Total current	<u>118,763</u>	<u>188,323</u>
Net Position		
Net investment in capital assets	627,283	627,283
Unrestricted	<u>104,489</u>	<u>48,524</u>
<i>Total net position</i>	\$ <u><u>731,772</u></u>	\$ <u><u>675,807</u></u>

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Donations	\$ 130,454	\$ 855,450
Rent	<u>6,750</u>	<u>-</u>
Total operating revenues	137,204	855,450
Operating expenses:		
Grant expense	55,012	835,306
Professional fees	11,653	5,957
Property taxes	2,611	3,524
Other	<u>13,157</u>	<u>1,564</u>
Total operating expenses	<u>82,433</u>	<u>846,351</u>
Operating income	54,771	9,099
Non-operating revenues (expenses):		
Tipping revenues	87,500	-
Tipping expenses	(87,500)	-
Investment income	<u>1,194</u>	<u>885</u>
Total non-operating revenues:	<u>1,194</u>	<u>885</u>
Change in net position	55,965	9,984
Net position at beginning of year	<u>675,807</u>	<u>665,823</u>
Net position at end of year	\$ <u><u>731,772</u></u>	\$ <u><u>675,807</u></u>

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash receipts for donations	\$ 299,192	\$ 650,000
Cash receipts for rent	5,400	-
Cash payments for grants	(210,318)	(684,991)
Cash payments for property taxes	(7,637)	-
Cash payments for goods and services	<u>(85,579)</u>	<u>(7,269)</u>
Net cash provided (used) by operating activities	<u>1,058</u>	<u>(42,260)</u>
Cash flows from investing activities:		
Interest and dividends received	<u>1,194</u>	<u>885</u>
Net cash provided by investing activities	<u>1,194</u>	<u>885</u>
Net change in cash and cash equivalents	2,252	(41,375)
Cash and cash equivalents at beginning of year	<u>30,714</u>	<u>72,089</u>
Cash and cash equivalents at end of year	\$ <u><u>32,966</u></u>	\$ <u><u>30,714</u></u>
<i>Reconciliation of operating income to net cash from operating activities:</i>		
Operating income	\$ 54,771	\$ 9,099
Changes in operating assets and liabilities:		
Increase in prepaid insurance	(39,041)	(9)
Decrease (increase) in accounts receivable	79,888	(205,450)
Increase in other assets – deposit	(25,000)	-
(Decrease) increase in grants payable	(155,306)	150,315
Increase in accounts payable	<u>85,746</u>	<u>3,785</u>
Net cash provided (used) by operating activities	\$ <u><u>1,058</u></u>	\$ <u><u>(42,260)</u></u>

The accompanying notes are an internal part of the financial statements.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements

For the Years Ended December 31, 2019 and 2018

Note 1: REPORTING ENTITY

The Cuyahoga Heights Community Improvement Corporation (the “Corporation”) is a non-profit organization incorporated in the State of Ohio on June 15, 1982, for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Cuyahoga Heights (the “Village”) and the territory surrounding the Village. Operations commenced March 9, 2005.

The Corporation acts as the agency and instrumentality of the Village for the industrial, commercial, distribution, and research development in the Village in accordance with Section 1724.01 of the Ohio Revised Code.

The Corporation is affiliated with a governmental unit because the purpose of the Corporation is to facilitate the Village’s mission in improving the quality of life and economic environment for the citizens of the Village. The primary funding for the Corporation is supplied by the Village, and in the event the Corporation ceases to operate, all remaining funds and assets are transferred to the Village. Additionally, no less than two-fifths of the governing board of the Corporation shall be comprised of appointed or elected officers of the Village or other political subdivision designating the Corporation as its agency pursuant to Section 1724.01 of the Ohio Revised Code.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Corporation uses enterprise fund accounting to prepare the financial statements. Enterprise fund accounting focuses on the determination of operating income, changes in net position, financial position and cash flows.

Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included in the statement of net position. The operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position and distinguishes between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Corporation’s purpose. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2019 and 2018

Note 2: 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 Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Concentrations

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist primarily of periodic temporary investments of excess cash. The Corporation places its temporary excess cash in high-quality financial institutions.

Income Taxes

The Corporation 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.

Property and Equipment

All purchased property and equipment are stated at cost. Donated property is capitalized at its acquisition value at the date of donation. The Corporation depreciates the capital assets other than land using the straight-line method based on the estimated useful lives of the assets.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2019 and 2018

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

In early calendar 2020, the world began dealing with the effects of the Coronavirus pandemic (COVID-19). Disruptions to business operations, including government mandated actions and employee, supplier and customer related challenges have impacted many businesses. The financial markets have experienced significant declines and high volatility. Governmental agencies have made indications of their desire to provide aid to those businesses affected by COVID-19. The Corporation is currently evaluating the effects of COVID-19 on its operations.

Note 3: CASH AND CASH EQUIVALENTS

At December 31, 2019 and 2018, the Corporation maintained its cash balance in checking and money market accounts and the carrying value of cash and cash equivalents was \$32,966 and \$30,714, respectively. The Corporation's bank balances were covered by the Federal Depository Insurance Corporation at December 31, 2019 and 2018, respectively, as the balances were under \$250,000. At times, the Corporation may have deposits in financial institutions in excess of the federally insured limits.

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of December 31, 2019 and 2018.

- The money market account is valued at amortized cost, which approximates fair value, and is considered a Level 1 investment.

Custodial Credit Risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned. The Corporation has a policy regarding custodial credit risk. In addition, state law does not require security for public deposits and investment to be maintained in the Corporation's name.

Note 4: ACCOUNTS PAYABLE

At December 31, 2019 and 2018, the accounts payable of the Corporation consisted of property taxes, grants, professional services, tipping fees, and utility costs related to 2019 and 2018, respectively.

Cuyahoga Heights Community Improvement Corporation

Notes to Basic Financial Statements (continued)

For the Years Ended December 31, 2019 and 2018

Note 5: CAPITAL ASSETS

A summary of changes in capital assets during 2019 follows:

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/19</u>
Non-depreciable assets:				
Land	\$ <u>627,283</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>627,283</u>

A summary of changes in capital assets during 2018 follows:

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/18</u>
Non-depreciable assets:				
Land	\$ <u>627,283</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>627,283</u>

Note 6: RELATED-PARTY TRANSACTIONS

The Village transferred \$299,192 to the Corporation during 2019, to help cover the costs of operating expenses. Included in accounts receivable is \$36,712 due from the Village as of December 31, 2019. This same amount is included in donations revenue for the year ended December 31, 2019. Included in accounts payable is \$87,500 due to the Village as of December 31, 2019. This same amount is included in tipping expenses for the year ended December 31, 2019.

The Corporation transferred \$650,000 to the Village during 2018, which is reported as grant expense on the statement of revenues, expenses and changes in net position. The Corporation also has accounts receivable, totaling \$205,450 at December 31, 2018, due from the Village. This same amount is included in donations revenue for the year ended December 31, 2018.

Note 7: CONTINGENCIES

Grants

The Corporation offers a variety of grants in the course of developing, advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village. These grant agreements are contingent upon the grantee meeting certain criteria as set forth in the grant agreement. The Corporation records the related expense at the time they are incurred, \$55,012 and \$835,306 during 2019 and 2018, respectively.

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Cuyahoga Heights Community Improvement Corporation
Cuyahoga County
4863 East 71st Street
Cuyahoga Heights, Ohio 44125

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Cuyahoga Heights Community Improvement Corporation, Cuyahoga County, (the Corporation) as of and for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated February 15, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a 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 section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Corporation's Response to Finding

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 15, 2022

**CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2019, the following activity was improperly recorded and an adjustment to the financial statements was made:

- The Corporation over-reported Accounts Payable and Operating Expenses in the amount of \$10,800.

The absence of an accounting system led to manual calculations for financial statement amounts which resulted in errors and inaccurate information reported.

The Corporation should adopt policies and procedures for controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Corporation and thereby increasing the reliability of the financial data throughout the year.

Official's Response:

The Cuyahoga Heights Community Improvement Corporation would like to note that the following were internally recorded correctly; payment made to our vendor, amount recorded in the CIC daily trial balance, and our bank statement were balanced. Our financial statements were prepared by a third party, Ciuni and Panichi who had a scrivener error in recording this amount on our financial statement. The financial statements have been corrected accordingly.

OHIO AUDITOR OF STATE KEITH FABER



CUYAHOGA HEIGHTS COMMUNITY IMPROVEMENT CORPORATION

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/10/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov