

**COMMUNITY IMPROVEMENT CORPORATION OF
CUYAHOGA FALLS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Cuyahoga Falls, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 27, 2013

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**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Cuyahoga Falls (the "Corporation") (a nonprofit organization), a component unit of the City of Cuyahoga Falls, Ohio, which comprise the statement of financial position as of December 31, 2012, 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 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 from 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 Corporation'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 Corporation'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees
Community Improvement Corporation
of Cuyahoga Falls

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2012, 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 also issued our report dated June 12, 2013 on our consideration of the 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 the Corporation's internal control over financial reporting and compliance.

Cini & Paricki, Inc.

Cleveland, Ohio
June 12, 2013

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

	<u>2012</u>
<u>Assets</u>	
<u>Current</u>	
Cash and Cash Equivalents	\$ 622,311
Loan Receivable - Current	4,108
Prepaid Items	300
Total Current Assets	626,719
 <u>Noncurrent</u>	
Loan Receivable - Net of Current	17,774
Assets Held for Resale	137,500
Total Noncurrent Assets	155,274
Total Assets	781,993
 <u>Liabilities</u>	
<u>Current</u>	
Accrued Property Taxes	5,234
Total Liabilities	5,234
 <u>Net Assets</u>	
Unrestricted	180,833
Temporarily Restricted	595,926
Total Net Assets	\$ 776,759

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, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Interest	\$ 2,760	\$ 974	\$ 3,734
Rents	7,999	-	7,999
	<u>10,759</u>	<u>974</u>	<u>11,733</u>
Net Assets Released from Restrictions	27,997	(27,997)	-
Total Revenue	<u>38,756</u>	<u>(27,023)</u>	<u>11,733</u>
 <u>Expenses</u>			
Community Improvement	27,997	-	27,997
Property Taxes	2,300	-	2,300
Insurance	1,800	-	1,800
Professional Services	6,120	-	6,120
Accounting and Audit	4,981	-	4,981
Miscellaneous	44	-	44
Total Expenses	<u>43,242</u>	<u>-</u>	<u>43,242</u>
Change in Net Assets	(4,486)	(27,023)	(31,509)
 Net Assets, Beginning of Year	<u>185,319</u>	<u>622,949</u>	<u>808,268</u>
Net Assets, End of Year	<u>\$ 180,833</u>	<u>\$ 595,926</u>	<u>\$ 776,759</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, 2012**

	Unrestricted	Temporarily Restricted	Total
<u>Cash Flows from Operating Activities</u>			
Cash Received from Loans	\$ -	\$ 4,921	\$ 4,921
Cash Received from Other Sources	28,090	-	28,090
Cash Payments for Operating Expenses	(12,945)	(27,997)	(40,942)
Net Cash Provided by (Used for) Operating Activities	15,145	(23,076)	(7,931)
Cash and Cash Equivalents, Beginning of Year	33,022	597,220	630,242
Cash and Cash Equivalents, End of Year	\$ 48,167	\$ 574,144	\$ 622,311
<u>Reconciliation of Change in Net Assets to Net Cash Provided by (Used for) Operating Activities</u>			
Change in Net Assets	\$ (4,486)	\$ (27,023)	\$ (31,509)
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Loan Receivable	-	3,947	3,947
Accounts Receivable	17,331	-	17,331
Increase (Decrease) in:			
Accrued Property Taxes	2,300	-	2,300
Net Cash Provided by (Used for) Operating Activities	\$ 15,145	\$ (23,076)	\$ (7,931)

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, 2012

NOTE 1: ORGANIZATION AND PURPOSE

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, Ohio.

The stated 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: SUMMARY OF 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

On September 30, 2009, the Corporation adopted authoritative guidance issued by the Financial Accounting Standards Board ("FASB") which establishes the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America. The Corporation has modified its disclosures in this report to comply with those requirements. Accordingly, references to authoritative accounting principles after the effective date will reference the codification and not the previous accounting guidance. The adoption of the guidance did not have a material effect on the Corporation's financial position, changes in net assets, or cash flows.

The Corporation prepares its financial statements in accordance with the not-for-profit entities of the FASB ASC.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

B. **Income Taxes**

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

C. **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. **Use of Estimates and Certain Significant Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: **LOANS RECEIVABLE**

In prior periods, the Corporation entered into a loan with Cashmere Cricket. The loan was in the amount of \$30,000 with an annual interest rate of 4.00 percent. The purpose of the loan was for working capital and the purchase of equipment. Monthly installments began December 15, 2010 and will cease on November 15, 2017. As of December 31, 2012, the loan receivable balance is \$21,882, with \$4,108 collectible in one year.

NOTE 4: **CASH AND CASH EQUIVALENTS**

At December 31, 2012, cash and cash equivalents consist of the following:

	2012
	<u>Balance</u>
Checking	\$ 285,711
Money Market Savings	<u>336,600</u>
Total Cash and Cash Equivalents	<u>\$ 622,311</u>

Bank balances of \$500,000 were covered by the Federal Deposit Insurance Corporation and the remaining \$125,379 was collateralized.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 5: **ASSET HELD FOR RESALE**

In prior periods, the Corporation purchased property in the amount of \$137,500. The property was purchased with the intent to sell in subsequent periods.

NOTE 6: **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. After December 31, 2008, the Corporation no longer receives TIF funds from the City of Cuyahoga Falls.

NOTE 7: **NET ASSETS RELEASED FROM RESTRICTIONS**

Temporarily Restricted Net Assets

Net assets were released from temporary restrictions during the year ended December 31, 2012, by incurring expenses satisfying the restricted purposes of the TIF agreement. During 2012, the Corporation released \$27,997 of temporarily restricted net assets for the purpose of benefitting businesses within the Front and Center Renewal Project Area.

NOTE 8: **SUBSEQUENT EVENTS**

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 12, 2013, the date the financial statement were available to be issued.

**Independent Auditor's 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***

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

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 General of the United States, the financial statements of the Community Improvement Corporation of Cuyahoga Falls (the "Corporation") (a nonprofit organization), a component unit of the City of Cuyahoga Falls, Ohio, which comprise the statement of financial position as of December 31, 2012, 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 June 12, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these 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 have not been identified.

To the Board of Trustees
Community Improvement Corporation
of Cuyahoga Falls

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cini & Parichi, Inc.

Cleveland, Ohio
June 12, 2013

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Dave Yost • 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
JULY 9, 2013**