COMMUNITY IMPROVEMENT CORPORATION OF SUMMIT, MEDINA AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2002 AND 2001

Auditor of State
Betty Montgomery

Board of Trustees
Community Improvement Corporation of Summit,
Medina and Portage Counties
One Cascade Plaza, 8th Floor
Akron, OH 44308

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Summit, Medina and Portage Counties, Summit County, prepared by Brott Mardis & Co., for the audit period January 1, 2002 through December 31, 2002. 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 Summit, Medina and Portage Counties is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 19, 2003

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COMMUNITY IMPROVEMENT CORPORATION OF SUMMIT, MEDINA AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2002 AND 2001

CONTENTS

BROTT MARDIS & CO.

Certified Public Accountants

106 South Main St., Suite 1306, Akron, Ohio 44308·1418
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Community Improvement Corporation
of Summit, Medina and Portage Counties
Akron, Ohio

We have audited the accompanying statements of financial position of Community Improvement Corporation of Summit, Medina, and Portage Counties (a nonprofit organization) as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Improvement Corporation of Summit, Medina and Portage Counties as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2003, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Brott Mardis & Co.

April 18, 2003

COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2002	2001
CURRENT ASSETS:		
Cash and cash equivalents	$150,050	$139,606
Certificates of deposit	182,472	178,472
Accounts receivable	13,870	13,800
Accrued interest receivable	1,112	2,361
Total current assets	347,504	334,239
FIXED ASSETS:		
Furniture and fixtures	416	416
Less accumulated depreciation	416	416
	-	-
TOTAL ASSETS	$347,504	$334,239

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$7,582	$8,937
TOTAL CURRENT LIABILITIES	7,582	8,937
NET ASSETS:		
Unrestricted:		
Designated by the board for economic development - CAPP - NOTE B	47,836	47,836
Undesignated	292,086	277,466
TOTAL NET ASSETS	339,922	325,302
TOTAL LIABILITIES AND NET ASSETS	$347,504	$334,239

See notes to financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES

STATEMENTS OF ACTIVITIES

	Years Ended December 31	
	2002	2001
REVENUE:		
Project fees	$42,445	$25,110
Interest income	5,462	12,362
Other	600	-
TOTAL REVENUE	48,507	37,472
EXPENSES:		
Administrative	30,318	30,329
Professional fees	2,628	3,389
Miscellaneous	785	3,905
Bank service charge	156	125
Depreciation	-	138
TOTAL EXPENSES	33,887	37,886
INCREASE (DECREASE) IN NET ASSETS	14,620	(414)
NET ASSETS AT BEGINNING OF YEAR	325,302	325,716
NET ASSETS AT END OF YEAR	$339,922	$325,302

See notes to financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$14,620	($414)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	-	138
(Increase) decrease in accounts receivable	(70)	6,000
Decrease in interest receivable	1,249	1,739
Decrease in accounts payable	(1,355)	(23,917)
Net cash provided by (used in) operating activities	14,444	(16,454)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net reinvestment in certificates of deposit	(4,000)	(9,598)
Net cash used in investing activities	(4,000)	(9,598)
NET INCREASE (DECREASE) IN CASH	10,444	(26,052)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	139,606	165,658
CASH AND CASH EQUIVALENTS AT END OF YEAR	$150,050	$139,606

See notes to financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

The Community Improvement Corporation (the Corporation) was organized to promote the industrial, commercial, civic and economic development of Summit, Medina and Portage Counties.

FINANCIAL STATEMENT PRESENTATION

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. A description of these categories follows:

> Unrestricted net assets represent the operations of the Corporation, including net assets designated by the Board of Trustees.
>
> Temporarily restricted net assets represent amounts received that were restricted by the donor or grantor for a specific use or time period. The Corporation has no temporarily restricted net assets at this time.
>
> Permanently restricted net assets represent amounts received for which the principal must be preserved and only the income is available for use. The Corporation has no permanently restricted net assets at this time.

CASH EQUIVALENTS

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due during the next fiscal year. No allowance for uncollectible amounts is deemed necessary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major betterments are capitalized.

INCOME TAXES

The Community Improvement Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. RELATED PARTY TRANSACTIONS

The Greater Akron Chamber (formerly known as the Akron Regional Development Board), related through common officers, provides all administrative services necessary to carry out the operations of the Community Improvement Corporation. The Corporation paid the Chamber $30,318 in 2002 and $30,329 in 2001 for administrative services. The Corporation owed the Chamber $7,582 at December 31, 2002 and $8,937 at December 31, 2001.

During 1992, the Community Improvement Corporation entered into a loan agreement with Greater Akron Chamber, whereby the Community Improvement Corporation will lend up to $200,000 to the Chamber for the Capital Access Plus Program which promotes economic development. The loan will be drawn in advances as needed until the aggregate principal amount of all the advances totals the $200,000. A forgiveness of debt clause exists for a dollar-for-dollar reduction in principal balance whenever the Capital Access Plus Program experiences any claims out of its loan loss reserve account. The activity for the CAPP program is as follows:

B. RELATED PARTY TRANSACTIONS (Continued)

Initial agreement	$200,000
Advances made December 31, 1992	(17,830)
Advances made December 31, 1993	(37,733)
Advances made December 31, 1994	(31,081)
Advances made December 31, 1995	(13,720)
Advances made December 31, 1996	(17,550)
Advances made December 31, 1997	(5,000)
Advances made December 31, 1998	(15,250)
Advances made December 31, 1999	(5,000)
Advances made December 31, 2000	(9,000)
Advances made December 31, 2001	-
Advances made December 31, 2002	-
Balance available	$ 47,836

Total claims made out of the Chamber loan reserve accounts are as follows:

December 31, 1992	$284,143
December 31, 1993	21,506
December 31, 1994	20,903
December 31, 1995	56,910
December 31, 1996	17,432
December 31, 1997	49,932
December 31, 1998	107,344
December 31, 1999	90,851
December 31, 2000	23,067
December 31, 2001	213,548
December 31, 2002	-
	$885,636

C. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments. The Corporation places its temporary cash investments with financial institutions and other companies. At December 31, 2002 and 2001, there were no uninsured cash balances maintained in financial institutions. Additionally, the Corporation had approximately $150,000 in 2002 and $140,000 in 2001, respectively, invested in a money market account at a local brokerage firm, which is not insured by the Federal Deposit Insurance Corporation.

BROTT MARDIS & CO.

Certified Public Accountants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Community Improvement Corporation of
Summit, Medina and Portage Counties
Akron, Ohio

We have audited the financial statements of Community Improvement Corporation of Summit, Medina and Portage Counties (a nonprofit organization) as of and for the year ended December 31, 2002, and have issued our report thereon dated April 18, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Summit, Medina and Portage Counties' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 rests of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Summit, Medina and Portage Counties' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, and is not intended to be and should not be used by anyone other than these specified parties.

Brott Mardis & Co.

Akron, Ohio
April 18, 2003

Auditor of State
Betty Montgomery

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CIC OF SUMMIT, MEDINA AND PORTAGE COUNTIES

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
SEPTEMBER 18, 2003