

COMMUNITY IMPROVEMENT  
CORPORATION OF SUMMIT, MEDINA  
AND PORTAGE COUNTIES

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FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2003 AND 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Community Improvement Corporation of  
Summit, Medina and Portage Counties  
One Cascade Plaza, 8th Floor  
Akron, Ohio 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, 2003 through December 31, 2003. 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

May 3, 2004

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COMMUNITY IMPROVEMENT CORPORATION  
OF SUMMIT, MEDINA AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2003 AND 2002

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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, 2003 and 2002, 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, 2003 and 2002, 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 March 16, 2004, 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.

*Brett Mardis & Co.*

March 16, 2004

COMMUNITY IMPROVEMENT CORPORATION OF  
SUMMIT, MEDINA AND PORTAGE COUNTIES

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2003	2002
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 117,660	\$ 150,050
Certificates of deposit	-	182,472
Accounts receivable	11,790	13,870
Accrued interest receivable	1,425	1,112
Total current assets	130,875	347,504
<b>FIXED ASSETS:</b>		
Furniture and fixtures	416	416
Less accumulated depreciation	416	416
	-	-
<b>OTHER ASSETS:</b>		
Restricted cash - certificates of deposit	184,019	-
<b>TOTAL ASSETS</b>	<b>\$ 314,894</b>	<b>\$ 347,504</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,526	\$ 7,582
<b>TOTAL CURRENT LIABILITIES</b>	2,526	7,582
<b>NET ASSETS:</b>		
Unrestricted:		
Designated by the board for economic development - CAPP - NOTE B	47,836	47,836
Undesignated	80,513	292,086
	128,349	339,922
Temporarily Restricted	184,019	-
<b>TOTAL NET ASSETS</b>	<b>312,368</b>	<b>339,922</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 314,894</b>	<b>\$ 347,504</b>

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF  
SUMMIT, MEDINA AND PORTAGE COUNTIES**

**STATEMENTS OF ACTIVITIES**

	Years Ended December 31			
	Unrestricted	Temporarily Restricted	Total 2003	Total 2002
REVENUE:				
Project fees	\$ 3,020	\$ -	\$ 3,020	\$ 43,045
Interest income	2,875	-	2,875	5,462
TOTAL REVENUE	5,895	-	5,895	48,507
Net assets transferred to temporarily restricted status as a result of loan guarantee	(184,019)	184,019	-	-
EXPENSES:				
Administrative	30,337	-	30,337	30,318
Professional fees	2,912	-	2,912	2,628
Miscellaneous	-	-	-	785
Bank service charge	200	-	200	156
TOTAL EXPENSES	33,449	-	33,449	33,887
(DECREASE) INCREASE IN NET ASSETS	(211,573)	184,019	(27,554)	14,620
NET ASSETS AT BEGINNING OF YEAR	339,922	-	339,922	325,302
NET ASSETS AT END OF YEAR	\$ 128,349	\$ 184,019	\$ 312,368	\$ 339,922

See notes to financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF  
SUMMIT, MEDINA AND PORTAGE COUNTIES

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Decrease) increase in net assets	\$ (27,554)	\$ 14,620
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Decrease (increase) in accounts receivable	2,080	(70)
(Increase) decrease in interest receivable	(313)	1,249
Decrease in accounts payable	(5,056)	(1,355)
Net cash (used in) provided by operating activities	(30,843)	14,444
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net reinvestment in certificates of deposit	(1,547)	(4,000)
Net cash used in investing activities	(1,547)	(4,000)
<b>NET (DECREASE) INCREASE IN CASH</b>	(32,390)	10,444
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	150,050	139,606
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 117,660	\$ 150,050

See notes to financial statements.

COMMUNITY IMPROVEMENT CORPORATION  
OF SUMMIT, MEDINA AND PORTAGE COUNTIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

**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 or other outside party for a specific purpose. On December 9, 2003 the Corporation assigned its certificate of deposit accounts along with the interest accrued, as collateral to secure a loan payable to the Greater Akron Chamber of Commerce.

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.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

ACCOUNTS RECEIVABLE

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

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, related through common officers, provides all administrative services necessary to carry out the operations of the Community Improvement Corporation. The Corporation paid the Chamber \$30,337 in 2003 and \$30,318 in 2002 for administrative services. The Corporation owed the Chamber \$2,526 at December 31, 2003 and \$7,582 at December 31, 2002.

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 that 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	-
Advances made December 31, 2003	<u>-</u>
Balance available	<u>\$ 47,836</u>

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	-
December 31, 2003	<u>-</u>
	<u>\$885,636</u>

Additionally in the year ended December 31, 2003 the Corporation pledged its certificates of deposit as collateral for an installment loan made to the Greater Akron Chamber. These funds are recorded on the statement of financial position as restricted cash and temporarily restricted net assets. The loan for \$200,000 is payable in monthly installments and matures on December 9, 2008.

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, 2003 and 2002, there were no uninsured cash balances maintained in financial institutions. Additionally, the Corporation had approximately \$118,000 in 2003 and \$150,000 in 2002, respectively, invested in a money market account at a local brokerage firm, which is not insured by the Federal Deposit Insurance Corporation.

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, 2003, and have issued our report thereon dated March 16, 2004. 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 results 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 Maralis & Co.*

Akron, Ohio  
March 16, 2004



**Auditor of State  
Betty Montgomery**

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**C.I.C. 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  
MAY 18, 2004**